

1 AFTERNOON SESSION, DECEMBER 6, 2001

2 MR. THAR: This is a public meeting,
3 if there is a member of the party that
4 would like to address the Commission and
5 have not already notified the Commission,
6 we can give you two or three minutes. Miss
7 Arnold in the red outfit in the back has
8 sign-up sheets. If there is some member of
9 the public that wishes to address the
10 Commission and wishes to sign up, you have
11 that opportunity at this time. If nobody
12 signs up after we extend this opportunity,
13 then we're going to make the positive
14 assumption nobody else wanted to speak
15 beyond those notifications.

16 CHAIRMAN VOWELS: we'll, go ahead and
17 call the meeting to order. Again, all
18 Commissioners are present with the
19 exception of Commissioner Darco. And this
20 is the time to address Grand Victoria
21 Casino and Resort by Hyatt relicensure.

22 And Mr. Thar, where are we?

23 MR. THAR: I think before we ask
24 Grand Victoria, Rising Sun and others, two
25 things are in order. Mayor Roeder, we're



1 in your community, would you like to
2 address the Commission on anything at this
3 time, or would you like to wait until later
4 on in the program?

5 MAYOR ROEDER: No, not at this time.

6 MR. THAR: Secondly, we have Drew
7 Klasik here from School of Public and
8 Environmental Affairs, who has put together
9 a five-year review which will be available
10 as a public document from the Commission.
11 At the conclusion of the hearing, I don't
12 know how many we have with us, but if
13 anybody wants one it can be obtained
14 through us. We ask Mr. Klasik to give us
15 an overview of that document in summary
16 form.

17 MR. KLASIK: Thank you.

18 Mr. Chairman, Commissioners,
19 Executive Director and Gaming Commission
20 staff. My name is Drew Klasik. As Jack
21 said, I'm a policy analyst for the Center
22 for Policy and the Environment. We have
23 been working for the planning commission
24 since the original licensee applications.
25 And we have also served as staff for the



1 Governor's Gambling Impact Study
2 Commission.

3 I'm going to give you a brief
4 overview of the report we provided to the
5 Commission for the five-year license
6 renewal process. We will address four
7 general areas. The first is compliance;
8 second is work force development; the third
9 economic impact and the final section
10 would be fiscal impact.

11 In terms of compliance, Grand
12 Victoria spent \$143 million as of July
13 2001, and that was 48.5 million more than
14 the committed to. About 15.8
15 million dollars was spent --

16 MR. THAR: That is more than they
17 committed to in terms of building their
18 project fund?

19 MR. KLASIK: Correct. 50.8 million
20 that was spent locally in the four county
21 area: Dearborn, Franklin, Ohio, and
22 Switzerland. In terms of negotiated
23 incentives, the Grand Victoria has paid
24 over 23 million dollars and is ahead of
25 schedule. This includes contributions made

1 to the Rising Sun Regional Foundation.

2 There were no specific employment
3 goals, however, the five year average has
4 less than 1,924, with total payroll over
5 that time of over 192 million dollars, of
6 forty-two million wages paid in the year
7 2000. As of July 2001, about three percent
8 of Grand Victoria employees were
9 minorities, 26 percent were from Ohio
10 County and 82 percent of all employees were
11 from the State of Indiana.

12 We also looked at work force
13 impacts. And to do that, we did a survey
14 of Grand Victoria's employees. We had 239
15 responses from the 1400 employees. What we
16 learned was that about 31 percent of those
17 responded were unemployed prior to
18 beginning work at Grand Victoria. Of all
19 those who started at Grand Victoria, 56
20 percent were motivated principally by
21 either more money or improved benefits, and
22 the average length of employment for
23 respondents has been three years and nine
24 months. Eighty-four percent of those
25 working at Grand Victoria for more than a



1 year have received a raise. The average
2 raise, over the course of their employment
3 has been about \$6,000, which averages out
4 to about \$2000 a year.

5 In terms of training, preparing one
6 for better employment in the future, about
7 75 percent of all Grand Victoria employees
8 have received -- who responded to the
9 survey, have received training from the
10 Grand Victoria, related specifically to
11 their job. An additional nine percent
12 received training from Grand Victoria to
13 develop skills beyond those which their job
14 requires. And 10 percent reported being
15 reimbursed by Grand Victoria for skill
16 building opportunities at other places.
17 Grand Victoria reports that they spent
18 approximately 13,000 reimbursing their
19 employees for general skilled building
20 opportunities.

21 we also looked at the economic impact
22 of the Grand Victoria, except rather than
23 looking at the economic impact of the
24 operations, we looked at the economic
25 impact of the spending of local taxes. And



1 also what kind of impact Grand Victoria has
2 had on tourism in Rising Sun and Ohio
3 County.

4 To determine the tourism impacts, we
5 interviewed 116 patrons of the boat over a
6 four-day period, I think in late July or
7 early August. What we learned is that the
8 Grand Victoria has been successful in
9 attracting new visitors to Ohio County and
10 Rising Sun. Approximately 92 percent of
11 those responded to the survey said they
12 were in Rising Sun principally to attend
13 the Grand Victoria Riverboat Casino. And
14 about sixty-four percent of all respondents
15 lived outside of the State of Indiana.

16 We also learned that we were
17 slightly less successful in generating
18 additional business opportunities within
19 Rising Sun. About 35 percent have visited
20 businesses other than the Grand Victoria
21 Casino. And only 19 percent spent more
22 than eight hours in Rising Sun.

23 In terms of the economic impact of
24 local taxes and negotiated incentives, we
25 limited the analysis to 51 million dollars



1 spent by the City of Rising Sun, by Rising
2 Sun Regional Foundation and by Ohio County.
3 It doesn't include over 25 million dollars
4 in the Rising Sun Regional Foundation
5 Endowment Funds that are invested to
6 generate future earnings which provide for
7 other projects in the future.

8 What we learned is of the 51 million
9 dollars of spending, generated nearly 69
10 million dollars of economic activity in the
11 four counties: Dearborn, Ohio, Ripley, and
12 Switzerland. That economic activity
13 created approximately 1,200 new jobs and
14 about 20 million in new wages in those four
15 counties.

16 The last thing we looked at was the
17 fiscal impact and effect the amount of new
18 tax revenue generated versus the new cost
19 as a result of the riverboat casino
20 project. And what we learned, we looked at
21 Ohio County, City of Rising Sun, and also
22 the Rising Sun School Corporation. And we
23 learned that for Ohio County, if you count
24 the gaming taxes, there is a positive
25 fiscal impact of over 3.3 million dollars.

1 If you don't count the admission's tax, if
2 you only look at the property tax generated
3 by the boat and other traditional forms of
4 tax, then it is still a positive impact,
5 but much smaller, between, \$2000 and
6 \$16,000. The City of Rising Sun had a
7 positive fiscal impact when you include
8 riverboat taxes of over \$10.9 million,
9 without the riverboat tax it made a small
10 negative fiscal impact of \$120,000 or less.

11 School Corporation does not by
12 statute receive any admissions or wagering
13 tax revenue. They only receive property
14 tax and other traditional tax revenues.
15 However, because of minimum changes in
16 enrollment, we believe there was a positive
17 fiscal impact between \$26,000 and \$111,000
18 for the Rising Sun School Corporation.

19 That concludes my part of this
20 report. Any questions?

21 CHAIRMAN VOWELS: Any questions?

22 All right. Thank you.

23 MR. THAR: Could you draw any
24 conclusions about the Rising Sun Foundation
25 and its function as a regional distributor

1 of these foundation funds as opposed to a
2 local distributor of these funds?

3 MR. KLASIK: The most interesting
4 thing to me about the Rising Sun Regional
5 Foundation is its attempt to permanentize
6 the impact of gaming in the community as an
7 endowment. it can last. It will have funds
8 in a sense permanently, regardless of the
9 future of gaming as it grows over time
10 within the State of Indiana.

11 If you're asking me in terms of the
12 regional impact, I also find that quite
13 interesting. Especially in this part of
14 the State where it provides an opportunity
15 for more than just Ohio County and Rising
16 Sun to participate in the economic benefits
17 of gaming in Indiana.

18 MR. THAR: Did you find that to be
19 unique based upon the other areas you
20 studied to date?

21 MR. KLASIK: In Indiana there are no
22 other regional foundations that I'm aware
23 of. In the literature, I read I have not
24 come across any others.

25 MR. THAR: Did you find the regional

1 concept and the regional impact of this
2 foundation had a positive impact on this
3 area?

4 MR. KLASIK: I would think in two
5 ways. One, I think the document which is
6 part of the \$69 million of economic impact,
7 was the result of the spending of regional
8 foundation dollars. The other thing that's
9 quite interesting is when you look at what
10 those dollars were spent on, they are
11 principally being spent on -- I'm sure you
12 guys will address this later -- on items
13 that truly affect the quality of life and
14 the economic competitiveness of the region:
15 life saving equipment, new computers for
16 schools, things that should allow the
17 residents of Southeastern Indiana to become
18 more economic competitive down the road.

19 CHAIRMAN VOWELS: Anything else?

20 Thank you.

21 MR. KLASIK: Thank you.

22 CHAIRMAN VOWELS: We have a
23 presentation outline that was sent to us
24 and it appears that Larry Bucks --

25 MR. BUCK: Can you hear okay?



1 CHAIRMAN VOWELS: Keep going. We
2 will tell you.

3 MR. BUCK: Can you hear me?

4 CHAIRMAN VOWELS: Fantastic.

5 MR. BUCK: Good afternoon, Chairman,
6 Commissioners, Executive Director Thar and
7 staff. On behalf of myself and my staff,
8 welcome to Grand Victoria. I'm Larry Buck,
9 General Manager of Grand Victoria. And
10 this is a great day for us. We're proud
11 and happy to be here before you for
12 consideration of the renewal of our gaming
13 license.

14 To continue the presentation, it is
15 my pleasure to announce Richard L. Schulze,
16 President of Hyatt Gaming Management and
17 Vice Chairman of Hyatt Development.

18 MR. SCHULZE: Thank you, Larry, and
19 good afternoon. Mr. Chairman, members of
20 the Commission, Executive Director Thar and
21 staff. As Larry said, we are very pleased
22 that you decided to hold your meeting here
23 today. It has given us an opportunity to
24 show you this facility, and I know some of
25 you had the opportunity last night to tour



1 some of the pavilion and riverboat and meet
2 not only Larry, but some of the rest of our
3 casino management team, and some of the
4 team members.

5 We, at Hyatt, are proud of the
6 facility and proud of this management team.
7 And you certainly know it from your work on
8 the Commission, projects like this and
9 successes and the accomplishments which we
10 intend to outline to you this afternoon
11 arise from teamwork. And it is a concept
12 we believe in wholeheartedly.

13 And I would like to briefly just
14 announce or introduce Mayor John Roeder
15 from the City of Rising Sun. We regard
16 this as a partnership with the City and
17 with the region. And it is particularly
18 gratifying to us that he will be part of
19 our presentation, because as I said, we see
20 them as part of our team.

21 There are many, many individuals who
22 have helped us get to this point. I'd like
23 to just briefly introduce a few of them,
24 and Larry will be introducing his broader
25 management team.



1 First of all, I'd like to acknowledge
2 Dan Azark. Dan is Senior Vice-President of
3 Development for Hyatt. An individual who
4 was principally responsible for creating
5 this facility. He is very dedicated at
6 Rising Sun. If his office is empty any
7 particular day, and a pretty good guess
8 he's probably in Rising Sun. Dan also as
9 ongoing responsibilities to represent the
10 broader ownership interest in the casino.

11 Next to Dan is Larry Lewin. Larry is
12 Executive Vice-President of Hyatt Gaming
13 Management, Inc., and President of the
14 Hyatt Gaming Services. Larry has a very
15 long and very experienced background in
16 casino gaming, and is truly a professional.
17 And has brought to Hyatt Gaming Management,
18 Inc., not only his years of experience, but
19 very higher standard for operation,
20 customer service, elements that we all know
21 are key to the success of a project like
22 this.

23 Next to Larry is Earnie East. Earnie
24 is Vice-President and General Counsel of
25 Hyatt Gaming. Another individual who has a



1 lot of gaming experience. Larry or
2 Earnie's principle task is to make sure
3 that we are meeting our regulatory
4 requirements in Indiana and other
5 jurisdictions, and to make sure that we're
6 doing the very best job we can. These are
7 just some of the team members, as I said
8 Larry Buck will be introducing his on-site
9 management team briefly.

10 It is very pleasing, as I said, to
11 be able to make this presentation to you
12 today seeking renewal of our riverboat
13 owner's license here at the facility. As I
14 said, we believe we have accomplished a
15 lot, and we're not done, there is more to
16 do. But I'd like to first acknowledge the
17 professionalism of Executive Director Thar
18 and his staff. They are not only
19 professional, they have provided a very
20 steady and consistent guidance to the
21 industry. Not only do we feel that we
22 benefit as a licensee in Indiana, we
23 believe the entire industry in the State
24 benefits and the State as well.

25 Although at Hyatt Gaming we operate

1 eight casinos, we have a ninth that we will
2 add in a couple weeks, and have a tenth
3 casino that is operated by a joint venture
4 partner. Gaming reputation, standards of
5 the gaming industry are important to that,
6 to those gaming enterprises, but really our
7 interest in our State and the quality and
8 integrity of business goes beyond that.

9 The Hyatt group is owned by a family
10 that has spent four generations and 100
11 years establishing this business
12 representation. Hyatt itself has a much
13 broader hospitality in business and
14 activities, and that reputation is valuable
15 to us. And to the extent that your
16 regulatory efforts of the Commission and
17 staff help us maintain that high standard,
18 we're grateful for that and we believe that
19 you are doing us a favor.

20 As I said, Hyatt Group, the Hyatt
21 Group remains one of the largest most
22 successful hospitality groups in the
23 country. We have a very strong cash flow.
24 The group, as a whole, has revenues in
25 excess of two billion a year, assets in



1 excess of four billion. And in this time,
2 in these economic conditions, I'm happy to
3 say we have a very, very low leverage.

4 This Rising Sun project was a very
5 important one, and remains a very important
6 one to Hyatt. This is the first resort
7 development dominated by casino gaming
8 activities on which we put our name. We
9 branded this as a Hyatt because we believe
10 in the project. We believe in the quality
11 of the project. And we were prepared to do
12 what we felt was necessary to make it
13 successful. The -- we have done that with
14 the help of the individuals identified, we
15 have transformed 300 acres of farm land
16 into a premium resort destination, and you
17 will be hearing more about that as well.

18 As summarized earlier, the
19 commitment made to, the capital commitment
20 made to this project was 99 million, and we
21 spent 140 million or more. And I assure
22 you that wasn't mismanagement, that was as
23 a result of a conscience decision we made
24 to upgrade the facility. If we were going
25 to do the project, if we were going to be a

1 participant in the project, we wanted it to
2 have quality and deserving of the brand.

3 The Hyatt's commitment is not only
4 in terms of the branded application, but
5 also in terms of its capital. Until
6 financing which we concluded last year, all
7 of the capital that came to this project
8 was provided by Hyatt. The largest single
9 capital commitment that we had made to a
10 gaming venture or development. So Rising
11 Sun is a special place to us. This project
12 is a special one. And now I would ask
13 Larry if he would please describe for the
14 Commission some of the activities.

15 MR. BUCK: Before I continue with my
16 presentation, I would like to introduce to
17 you some of the senior management here at
18 Grand Victoria. Starting with Mr. Bob
19 Stewart, Assistant General Manager. The
20 Directors of the various departments are
21 Lance Millage from Finance. Mark Hemmerle,
22 General Counsel. Patrick Banfield, Table
23 Games, Jason Newkirk, Slots. David
24 Zamarin, Marketing, Randy Bruns, Food and
25 Beverage. Lois Coyle, Surveillance. Arlan



1 Boyd from Security. David Hall, Golf
2 Operations. Daryl Paddock, Sales. Tricia
3 Barwick, Human Resources. Tom Sanders,
4 Marine. Marty Pitts, Engineering, Karen
5 Brugler, Internal Audit, and Dan Edmunds,
6 Information Technology.

7 Thanks, guys.

8 The original component of our project
9 was a casino. The motor vessel Grand
10 Victoria, II, is a replica 19th Century
11 Victorian sternwheel paddleboat. As you
12 saw last night, it is the only fully
13 operational paddlewheel that provides main
14 compunction of any boat in the State of
15 Indiana. The casino vessel has four
16 levels, and the top level is an exclusive
17 nonsmoking area. Unlike most boats, the
18 Grand Victoria, II, has both elevators and
19 escalators.

20 The permanent land site facility
21 opened in 1997, and includes a 201-room
22 Hyatt hotel, which also includes five
23 suites with various amenities. We have a
24 125,000 square foot pavilion. We created a
25 Victorian town complete with cobblestone



1 streets, lampposts, and picturesque murals.

2 The restaurants are for everybody's
3 taste, well attended are our fine dining
4 steakhouse, The RiverView buffet with a
5 400-seat casual dining experience.
6 Picadilly's is our 24-hour deli.
7 Victoria's Pub is our sportsbar and the
8 Windsor Lounge is a VIP lounge for our Gold
9 Card customers, our most important
10 customers. They use this area to relax
11 before they enter the casino boat.

12 The grand theater, which is the room
13 in which we're all standing or sitting, is
14 an 1,100 seat theatre which features
15 headline entertainment. In the past we
16 have hosted Paul Anka, Temptations, Loretta
17 Lynn, Charlie Daniels, Crystal Gale. And
18 after we finish this meeting, we will break
19 down the room and reset it for Glen
20 Campbell, who will perform the Christmas
21 shows tomorrow and the next day.

22 The Links golf course is our 18-hole
23 par 71 championship golf course, which
24 opened in the spring of 2000. We recently
25 completed our second year. Tim Liddy

1 designed the course, and he is an Indiana
2 designer associated with Pete Dye. The
3 Links has hosted several events, including
4 the NFL Alumni Caring For Kids golf
5 tournament for two years in a row. We have
6 also hosted the Bethany House charity golf
7 tournament and the Foxx Sports Net Grand
8 Victoria Challenge, which is an open
9 tournament.

10 This slide, and the next paragraph,
11 compares actual results with the most
12 likely projections from the original
13 license application. The actual results
14 are through the third quarter 2001, in
15 order for us to accurately compare the
16 five-year projection.

17 As shown here, actual revenue of
18 908.5 million exceeded the most likely
19 projection of 804.7 million by almost 13
20 percent. This translates into actual
21 wage taxes, exceeding projections by more
22 than 21.5 percent.

23 This graph compares actual admissions
24 of 15.8 million with five-year most likely
25 projections of 10.9 million. So, again,



1 through the third quarter of 2001. That
2 resulted for admissions and admissions
3 taxes, exceeded projection over 44 percent.
4 Actual taxes were 47.4 million dollars
5 versus projection of 32.8 million dollars.

6 Total taxes paid for the five-year
7 period were 186 million dollars. As you
8 know, 75 percent of the wagering taxes plus
9 one-third of the admission tax goes to the
10 State of Indiana. These total the 121
11 million dollars.

12 Twenty-five percent of the wagering
13 taxes plus one-third of the admission tax
14 goes to City of Rising Sun for a total of
15 \$50 million. Ohio county receives
16 one-third admission tax, a total of almost
17 16 million dollars. Unique to our area,
18 the City of Rising Sun voluntarily shares
19 30 percent of their wagering tax with other
20 local governments. And those numbers are
21 not reflected in this slide show.

22 The management team here at Grand
23 Victoria is involved in local
24 organizations. All managers and directors
25 participate in local organizations, such as



1 soccer coaches, scout leaders, and
2 participate on local Boards with local
3 organizations as part of our individual and
4 written goals.

5 Some Board organizations we have been
6 involved with in the past, Ohio County
7 Community Foundation, the Rising Sun City
8 Counsel, the Rising Sun Medical Center,
9 Ohio County Tourism Association Board, the
10 Economic Development Commission of Rising
11 Sun.

12 We're also very proud of our joint
13 marketing efforts. The Rising Sun Ohio
14 County Tourism booth is located in the
15 pavilion adjacent to our main entrance. We
16 also run a trolley from Grand Victoria
17 through Rising Sun every hour. We also use
18 that trolley to transport our customers
19 back and forth to local a RV park and bed
20 and breakfast. In addition, our hotel
21 in-room video, has a local tourism video
22 running all the time.

23 Unique to Grand Victoria is our
24 annual holiday gift certificate program for
25 our team members. We give each our team



1 members a \$25 gift certificate good only at
2 local Rising Sun vendors who choose to
3 participate. The certificates have been
4 distributed every year. As a matter of
5 fact, we just distributed them this past
6 Monday with payroll for our team members
7 and that will flow approximately \$27,000 to
8 our local community.

9 We employed 1425 employees this year.
10 Our original projections were 1400, with 90
11 percent being from the local area.
12 Seventy-six percent were from Indiana. Our
13 original recruiting efforts were limited to
14 Ohio County residents, and we continue to
15 have job fairs and advertise in local
16 papers.

17 Before Grand Victoria came into
18 existence, the local unemployment rate was
19 5.3 percent. As of June of this year, it
20 is down to 3.6 percent. As you can see on
21 the slide in front of you, approximately 57
22 percent of our employees are female.

23 Five percent of our management team
24 is minority, and three percent of our
25 overall work force is minorities. This

1 compares very favorably for each
2 demographic statistics, which indicates
3 less than two percent of the Ohio County
4 population is minority, and less than
5 two-and-a-half percent of the surrounding
6 four counties are minority.

7 We're continuously recruiting
8 minorities. And our association with the
9 Urban League of Cincinnati and through
10 various minority job fairs, including the
11 Indiana Black Expo Job Fair.

12 Our team member earnings for the five
13 years ending 9/30 of this year compares
14 very favorably to our most likely
15 projections. The slide in front of you has
16 our actual in blue and our most likely in
17 red. Again, we have exceeded our most
18 likely projection and total. The benefit
19 number in our original projections include
20 payroll taxes. We don't believe that
21 payroll taxes should be included as a
22 benefit number. Most of our employees
23 don't perceive payroll taxes being paid as
24 a benefit. However, for consistency of
25 this presentation, we have included payroll



1 taxes in this chart.

2 Grand Victoria provides a standard
3 array of benefits for our employees. I'd
4 like to mention three that I think are
5 outstanding. We have tuition reimbursement
6 for our team members, where they can get
7 reimbursed for up to \$12,000 for any course
8 work they take that is accredited.

9 Also unique to Grand Victoria is our
10 Sunshine Fund. The fund is in place to
11 assist team members in extreme need, and is
12 funded through money found on the casino
13 floor and on our pavilion. I think our
14 best bonus, excuse me, our best benefit, is
15 our service team incentive bonus.

16 On December 14th, we will pay out
17 \$400,000 to our hourly team members. This
18 is the second year in a row we have had
19 such benefit. And our team members this
20 week are committed to extend that benefit
21 to our employees through the next year in
22 2002.

23 During our five years we have
24 purchased more than 174 million dollars in
25 goods and services. 12.3 million dollars

1 were to MBES, 10.5 million to WBEs, and
2 15.7 million to local business owners.

3 As you can see from this graph, for
4 the last three years, quarter by quarter,
5 we have shown a steady and upwards trend in
6 both MBE and WBE purchases. This is
7 achieved primarily through the efforts of
8 our MBE/WBE initiatives, which included two
9 years ago a formulation of compliance
10 committee. The compliance committee meets
11 monthly and consists of the four
12 departments with the largest purchasing
13 power, including food and beverage, marine
14 operations and marketing. As well as
15 myself, a General Manager, our General
16 Counsel, the Director of Finance,
17 Purchasing Manager and our MBE/WBE
18 coordinator.

19 One of the initiatives two years ago
20 was the addition of the MBE coordinator to
21 our staff. We promoted Mr. Trey Clifton,
22 he's been filling that role admirably. His
23 role is solely dedicated to securing goods
24 and services from MBES and WBEs, and
25 developing MBES and WBEs. Over the past



1 two years, we have seen significant
2 improvement. And I'm proud to say that
3 through October of this year, we have met
4 on a yearly basis, both our MBE and WBE
5 goals.

6 Our responsible gaming effort
7 includes training for our employees. But
8 we also have produced our own four club
9 resort to assist our customers in
10 determining if they have a gambling
11 problem. In addition, we created a gaming
12 referral binder that we have in the casino.
13 That binder helps us direct our customers
14 who think they have a problem, to help in
15 their various states. We serve the
16 Tri-County area including: Ohio, Indiana,
17 and Kentucky.

18 Our future projections are relatively
19 modest. This year our gaming revenue is
20 2000 -- excuse me, for 2001 is forecast to
21 be 130 million dollars. In 2002, we're
22 projecting 133.7 million. And 2003, 137
23 million. And 2004, 140.5 million. These
24 projections are indicative of the current
25 economy. For purposes of these

1 projections, we have also assumed no
2 significant changes in legislation in
3 Indiana or in the surrounding states. Our
4 future pojections for admission for 2002
5 include, 2.7 million customers. And 2003,
6 2.76 million. And 2004, 2.84 million. The
7 total admission tax is projected to be 24.9
8 million dollars.

9 For capital improvements. This year
10 we will invest approximately nine million
11 dollars in capital back into our property.
12 The capital improvement will include a
13 permanent golf course clubhouse. An
14 entirely new casino management system for
15 both table games and slots. Hotel and
16 restaurant renovations, including a
17 complete soft goods renovation to hotel
18 rooms. Surveillance system upgrade, which
19 are currently ongoing. And improvements to
20 our meeting space, including this room.
21 I'm proud to say that our MBE/WBE
22 coordinator is already identified MBE/WBE
23 vendors for each of these projects. We
24 think this will continue to improve our
25 efforts.



1 At this time I would like to
2 introduce the Mayor of Rising Sun, John
3 Roeder.

4 MAYOR ROEDER: Chairman Vowels,
5 Members of the Commission, Executive
6 Director Thar, and Commission staff. Many
7 of you participated in the selection of
8 Rising Sun as a dockside for the riverboat,
9 and the selection of Grand Victoria and
10 opening the riverboat. We are pleased to
11 have you back in Rising Sun and welcome
12 those of you who are new to the Commission.
13 We hope you will take pride in seeing the
14 many changes that have occurred in Rising
15 Sun, since it was through your foresight of
16 the Commission that we were able to make
17 these changes.

18 The City is proud of its improvements
19 it has made as a result of the project
20 agreement, and the agreement between the
21 City and Grand Victoria and Rising Sun's
22 portion of the wagering and admission tax.
23 I'd like to take a moment to briefly
24 highlight some of the improvements about
25 which the City is particularly proud, and



1 which are the result of the riverboat.

2 We have improved street signage
3 throughout out the City. Numerous street
4 projects have been accomplished, including,
5 widening, drainage, curbs, paving,
6 sidewalks, signage, lighting and
7 landscaping. We have provided financial
8 support for the Rising Sun Municipal
9 utilities to address infrastructure issues
10 in the five-year improvement plan for
11 electricity, water and sewer.

12 We are providing financial support
13 for the construction of the Rising Sun Ohio
14 County Community building, and completed
15 major improvements in parks with
16 construction of a new pool, soccer fields,
17 baseball fields, dugouts and concessions
18 stands. We have constructed the new City
19 building to allow for centralization of
20 City services.

21 We have constructed and provided
22 financial support for a medical center
23 which has fulfilled a long-term need and
24 allows our citizens to see a doctor without
25 having to travel outside the county.

1 Through the project agreement, 3.5
2 million has been used to revitalize
3 downtown with the continuous stimulation of
4 business. But through the project, we have
5 maintained the quaint atmosphere of our
6 City.

7 We have built a river front pavilion
8 to take advantage of our most important
9 asset, the river. We have plans to
10 continue the river front erosion control
11 and the implementation of the river front
12 conceptual plan.

13 Rising Sun makes an annual
14 contribution in excess of \$50,000 from
15 monies generated by the riverboat to the
16 Ohio County Community Foundation.

17 As a result of our agreement with
18 Grand Victoria that a retail outlet mall is
19 not an appropriate addition to the City, we
20 have negotiated a third amendment to the
21 project agreement. Under the terms of the
22 third amendment, we will be able to improve
23 the downtown river front by implementing
24 erosion control measures. Improving the
25 banks, installing handicapped accessible

1 routes, installing lighting. Installing
2 the dock in the downtown area, and making
3 other enhancements and improvements. The
4 City will fund its portion of the cost of
5 the river front improvement project, at
6 least indirectly, from funds generated by
7 the riverboat.

8 Additionally, under the third
9 agreement, Grand Victoria will pay a
10 portion of the funds necessary to construct
11 an emergency medical services or EMS
12 building. The City will fund its portion
13 of the cost of construction of the building
14 through, at least indirectly, from funds
15 generated by the riverboat.

16 As you will recall, Rising Sun first
17 introduced the concept of sharing a portion
18 of the funds it received from its portion
19 of the wagering and admission tax with
20 neighboring communities. Through the
21 second quarter of 2001, the City has shared
22 almost \$7.4 million dollars with
23 neighboring communities. We continue to
24 share funds with Ripley County, Aurora,
25 Milan, Sunman, Holton, Osgood, Napoleon,



1 Versailles, and Patriot.

2 A part of the project that has had a
3 substantial impact on Rising Sun as well as
4 surrounding communities, is the one dollar
5 per admission contribution Grand Victoria
6 makes to the City, and that is directed to
7 the Regional Foundation.

8 Marianne Wiggers is here to discuss
9 the foundation with you in more detail. So
10 I would like to make a few observations
11 about the Foundation.

12 The Regional Foundation benefits
13 deserving agencies, many of whom are
14 located outside Rising Sun and Ohio County.
15 The funding of the Regional Foundation at
16 the current level is critical to serve the
17 needs of these regional agencies in a time
18 that the funding level of local agencies is
19 in question. The Regional Foundation
20 provides seed money to Ohio, Ripley,
21 Switzerland and Dearborn County Foundation,
22 so these foundations could be established.

23 We have agreed to begin discussions
24 with Grand Victoria to arrive at a formula
25 that is tied to some definition of revenue

1 to replace the current admissions-based
2 formula. Our agreement is based on an
3 understanding that the replacement formula
4 will be structured to provide the Regional
5 Foundation with the same economic benefit
6 that the current formula has had.

7 Hyatt has made a verbal commitment
8 that will continue to fund the Regional
9 Foundation, based on the way it always has,
10 Tied to admissions and multiple excursions.
11 Grand Victoria has agreed they won't
12 challenge calculation of these payments,
13 unless unforeseen circumstances occur.

14 Based on the verbal commitment by
15 Grand Victoria, the City supports its
16 relicensure. However, we ask Grand
17 Victoria to make the same pledge to the
18 Gaming Commission, and agree to make
19 payments to the Regional Foundation, the
20 same way it has always done, until we both
21 agree on the new formula.

22 Thank you for the opportunity to
23 address you today. And let me know if you
24 have any questions, and we certainly would
25 invite you to stop by City Hall and visit



1 with us. I'd like to present Marianne
2 Wiggers who would tell you about the
3 activities of the Regional Foundation.

4 MS. WIGGERS: Thank you, Mayor. Good
5 afternoon. What we're handing out right
6 now is a complete accounting of the grants
7 that have been awarded since 1997. And
8 they are listed by year and by county. So
9 I'm sure that will be great bedtime reading
10 tonight for a lot of you.

11 I appreciate the Mayor and Mr. Thar
12 pointing out the fact that there has been a
13 lot of regional aspects that the Foundation
14 has been able to award grants to. If you
15 look at the very first page on the opening,
16 there is 67 percent of the grant money has
17 gone outside of Ohio County. And then if
18 you take into account another 10 percent
19 that was for regional grants, that brings
20 that percentage up to 77 percent, which is
21 quite an astounding number.

22 Some background on the Rising Sun
23 Regional Foundation. The saying, "if you
24 give something away it will be returned
25 tenfold," is certainly true in southeast



1 Indiana. Rising Sun and Ohio County have
2 proven this by sharing their good fortune
3 with their neighbors, what a novel idea.
4 They took risks in 1994, developed a unique
5 plan in conjunction with Hyatt Corporation,
6 made a generous and very wise business
7 decision and shared their wealth with their
8 neighbors. All of the parties involved
9 with this decision raise the bar for
10 standards in this State by developing a
11 unique partnership with the gaming industry
12 and surrounding communities.

13 The impact of the combined revenue
14 sharing program and Rising Sun Regional
15 Foundation has been immediate, direct and
16 in-your-face measurable. The new money
17 flowing through Rising Sun Foundation has
18 benefited the region beyond words. It has
19 brought hope back to the people. It has
20 saved many small towns from ruin. Towns
21 and counties before could only provide
22 basic services. There was no planning for
23 the future. Why plan when you have no
24 money for action?

25 Community leaders dreamed of



1 improving their infrastructure, not only
2 for their own citizens, but also so they
3 can entice companies to locate in the area.
4 They dreamed of providing medical
5 facilities, updating fire fighting
6 equipment, sidewalks, parks, lighting up
7 ballfields for children. All of this for
8 the comfort and safety of their citizens.
9 These were dreams. Now they are becoming
10 reality. After five years, the surface of
11 need is just being scratched.

12 The Rising Sun Foundation has been
13 able to help communities and organizations
14 compete in obtaining Indiana Department of
15 Commerce grants. In the past, many times
16 these entities could not apply for DOC
17 money, because they couldn't come up with a
18 10 percent match.

19 Another example of dire economic
20 depression, the region did not have the
21 capacity as to create their own community
22 foundations when most other counties in the
23 State had already done so. And they were
24 participating in the Lillian Endowment
25 Scholars, giving Indiana funds for tomorrow



1 their gift, matching gifts program.

2 In an early initiative by the
3 Regional Foundation late 1996, and one of
4 it proudest achievements, was to develop
5 its own Community Foundation Development
6 Program with an offer of \$500,000 challenge
7 grant for each county that was benefiting
8 from the Regional Foundation. At that
9 time, Dearborn and Switzerland counties,
10 along with Ripley and Ohio were part of the
11 Regional Foundation.

12 with the challenge grants and using a
13 good deal of technical assistance our
14 Executive Director, Ed Sullivan, who has
15 over 25 years of experience in
16 administering and assisting in the start up
17 of community foundations, the results have
18 been the successful creation of viable
19 community foundations in all four counties,
20 which presently administer over 20 million
21 dollars of permanent endowments, and have
22 facilitates approximately 12.3 million in
23 grants from their own generated income.
24 And from special project grants from the
25 Lillian Endowment and Lilly's Scholars



1 program, this 32 million-plus would not
2 have come to Southeast Indiana had it not
3 been for the Regional Foundation Grant
4 Program.

5 The creation of these local
6 endowments has allowed the Regional
7 Foundation to directly grant 75 percent of
8 our annual income, while knowing that the
9 permanent endowments were being created
10 through the local community foundations for
11 long term philanthropy in the area.
12 The Regional Foundation followed its
13 original challenge grant with another
14 \$50,000 grant for each county for
15 administrative operations, which were then
16 matched by \$300,000 Lilly Endowment grants
17 for this same person.

18 A second major initiative of the
19 Regional Foundation was to focus on the
20 upgrading the technology systems of the
21 school corporations in the four county
22 area. The results have been contracting
23 with an educational technology consultant
24 firm from Indianapolis, to conduct
25 technology needs, assessments for 10 public



1 school corporations, and two private
2 schools in the four counties. To assist
3 them in developing, organizing a multi-year
4 technology development plan.

5 Awarding over one million dollars in
6 direct grants to four public school
7 corporations and three private schools in
8 the current grant-making area, has allowed
9 them to advance the bare bottom of the
10 computer-to-student ratio in Indiana, to
11 the top five percent, with as many as four
12 to five computers in K through 12
13 classrooms. This one million-plus in
14 school technology advancement, would not
15 have taken place had it not been for the
16 Regional Foundation Grant Program.

17 The Regional Foundation has awarded
18 to date approximately 1.2 million dollars
19 for local matching grants, and assisted in
20 leveraging some 17.4 million dollars or 23
21 major capital infrastructure projects for
22 local units of government in the four
23 county area. And, again, that probably
24 would not have happened had it not been for
25 those monies from the Regional Foundation.



1 Also grants totalling 161,000 in
2 scholarships awarded to 197 graduating
3 seniors in four counties to assist them in
4 pursuing higher education programs.
5 Thirty-seven grants totalling almost
6 800,000 thousand to the regional volunteer
7 fire department to upgrade the fire station
8 and fire fighting equipment.

9 An additional 4.5 million dollars in
10 numerous grants to a variety of projects in
11 the surrounding areas of the community
12 development, education. In addition to the
13 technology, human services, first health
14 and medical and cultural affairs. None of
15 these grants would have been possible
16 without the Rising Sun Regional Foundation
17 grant program.

18 The impact of all this. Since 1996
19 when the Rising Sun Regional Foundation
20 began receiving income from Grand Victoria
21 through November of this year, it has
22 received a total of \$16.2 million dollars
23 Of this amount, the Regional Foundation
24 will be awarding one-half million dollars
25 in December, in our meeting the next two



1 week. And to date, we have awarded a total
2 of 10.1 million dollars in direct grants.

3 This has directly or indirectly
4 resulted in completed projects in the
5 Southeastern Indiana region with a
6 collective value exceeding \$60 million.
7 This is because of creating leverage and
8 other funding through public and private
9 sources. So we estimate for every dollar
10 that has come from the Regional Foundation,
11 this has been turned into \$6 in completed
12 projects. None of this would have happened
13 without the Regional Foundation grant
14 program.

15 In addition, Rising Sun Regional
16 Foundation has created a four million
17 dollar permanent reserve fund. This was
18 created to be used for future grant making
19 in accordance with the Foundation bylaws.
20 The Foundation has been able to obtain
21 these accomplishments with a total
22 administrative expense equal to
23 approximately seven percent total income.

24 This includes hundreds of staff hours
25 for the technical assistance to help set up

1 the community foundation. If successful as
2 we think, the Regional Foundation grant
3 program has -- we have only begun to
4 address some of the basic needs of the
5 southeastern Indiana region.

6 The Foundation regularly receives
7 over one million dollars in grant request
8 on a quarterly basis, to which is only able
9 to fund approximately 50 percent. Since
10 many of the basic needs of this area have
11 been literally ignored and gone unnoticed
12 for so long, it is projected that the
13 Foundation will continue receiving large
14 amount grant applications for years to
15 come.

16 Regional Issues. Due to the granting
17 of riverboat casino license in Switzerland
18 county in 1999, through substantial
19 revenues generated by Argosy Riverboat
20 casino at the same time, the Regional
21 Foundation reduced its grant-making areas
22 to include Ohio, Ripley County and the City
23 of Aurora, by the end of the year in
24 accordance with Bylaws.

25 Prior to taking this action, however,



1 the Foundation contacted the casino owners
2 and public officials in both Dearborn and
3 Switzerland counties in an attempt to
4 create a truly Regional Foundation to which
5 those two riverboat casinos and/or counties
6 could also contribute to the Foundation,
7 which would continue to be very successful
8 as a four county grant program and possibly
9 even expand it into other counties.

10 Unfortunately, our proposals were
11 declined by both counties. So we took the
12 necessary steps to exclude them in the
13 future grants of the Regional Foundation.
14 Although we still think this is a very good
15 idea, and would be open for discussion.

16 And our closing remarks. The
17 Regional Foundation is most appreciative to
18 the Indiana Gaming Commission for its
19 consideration and the awards of riverboat
20 casino license to the City of Rising Sun
21 and trust that the Commission members can
22 see this was a very good decision that has
23 had a dramatic impact on Southeastern
24 Indiana.

25 The Regional Foundation is very

1 grateful to the creative thinkers within
2 Rising Sun and the Ohio government who in
3 1994 conceived and planned for the future.
4 The Foundation Board and staff members are
5 very grateful for the opportunity to
6 administer this unique foundation over the
7 past five years. The staff is highly
8 qualified and communicative. The Board is
9 dedicated to making the best decisions for
10 the Region.

11 The Foundation is grateful to the
12 Hyatt Corporation and Grand Victoria for
13 the income generated from the Regional
14 Foundation Grant Program in beginning the
15 permanent endowment. Rising Sun Regional
16 Foundation believes Rising Sun and the
17 Hyatt Corporation should share in the
18 achievements of the Foundation.

19 We're hopeful that any new
20 revenue-based formula agreed upon by Hyatt
21 and the City, will be structured in such a
22 way as to apply to the Foundation the same
23 economic benefit it has enjoyed in the past
24 based upon the applications. The
25 Foundation appreciates Hyatt's verbal



1 commitment to do so.

2 Hyatt has also verbally stated it
3 will not change or challenge the manner in
4 which the contributions are presently
5 determined. That is, tied to admissions
6 and multiple excursions, except for the
7 extraordinary circumstances, such as
8 dockside legislation. The Foundation
9 invites and certainly would feel more
10 assured if these verbal commitments were
11 made by Hyatt to the Commission today.

12 The intention and the purpose of
13 Rising Sun Regional Foundation is clear, to
14 continue to administer the grant program
15 serving the needs of governmental agencies
16 and organizations in Southeastern Indiana
17 in the benefit area. We remain cautiously
18 optimistic that the level of funding
19 enjoyed by the Foundation for the last five
20 years through the insight and support of
21 Rising Sun Casino and Hyatt Corporation
22 will continue.

23 In that context the Rising Sun
24 Regional Foundation supports the
25 relicensure of the Grand Victoria Casino



1 and Resort, and plans to proudly appear
2 before you in the next five years with
3 another report of the achievements. Thank
4 you so much.

5 And I would like to introduce Martino
6 Mosley who will speak on behalf of the Ohio
7 County School Corporation

8 MR. THAR: If I may, please, Ms.
9 Mosley, come up on up to the podium. The
10 request that we had for the Rising Sun
11 Foundation was a presentation not to exceed
12 20 minutes, which has now been exceeded.
13 So we would ask if you could please make
14 your comments concise. Ms. Wiggers did an
15 excellent job outlining all of the benefits
16 that have been done by the Foundation.

17 We're very familiar with the
18 Foundation and very familiar with the
19 information provided in this. So, if you
20 could, make your point as briefly as
21 possible and not repeat what she's said.
22 This Commission has a long way to go today,
23 and we appreciate that. Thank you.

24 MS. MOSLEY: I briefly would like to
25 speak about two separate entities. First

1 the Community Foundation, which Marianne
2 said quite a bit in detail. And lastly,
3 the Rising Sun Community School
4 Corporation, as we receive numerous gifts,
5 grants, from the Regional Foundation.

6 As current president, I'd like to
7 speak first about the Community Foundation,
8 which you probably know started in 1998 by
9 several community members, including our
10 founding president, Monty Denbow.

11 The Foundation's purpose is to build,
12 manage and distribute a lasting source of
13 the charitable funds. The Regional
14 Foundation has been very instrumental in
15 supporting our Foundation, and we have
16 grown from, in three years from zero assets
17 to 4.4 million assets. And we give that
18 credit a lot to three different entities,
19 The City and County Council and the Rising
20 Sun Regional Foundation.

21 I'd like to move on then to the
22 School Corporation. As a technology
23 director, the School Corporation
24 encompasses only 1000 students,
25 approximately 55 classrooms. In five years



1 I can honestly say we have gone from
2 Flintstones to Jetsons. In 1997, we had
3 one up-to-date computer and over 75 working
4 ten-year-old Apple II GSS in our school
5 corporation. We now have, as she said,
6 five computers and a network printer in
7 every classroom. Without the financial
8 support from the Regional Foundation, we
9 would probably have a maximum of two
10 up-to-date computers and a single, stand
11 alone printer.

12 Students have also been doused with
13 technology, keyboarding continues in
14 kindergarten and continues in every grade
15 through middle school. Students in grade 3
16 are completing basic power point
17 presentations. First graders are scanning
18 pictures and editing and adding effect.
19 Middle school students are creating virtual
20 bridges using interactive software and
21 creating the replicas from balsam wood.

22 The Foundation also supported our
23 staff development, teaching 100 percent of
24 our staff in Microsoft Office
25 opportunities. And also Integration of



1 Technology into the curriculum. Without
2 that support, we would only have 50 percent
3 of our staff instructed on Integrated
4 Technology into the curriculum. And our
5 computers will be replaced on a four years,
6 excuse me, on an eight year rotation and
7 set up our ideal for three to four years.

8 Lastly, in the future we would like
9 to rely on the Rising Sun Regional
10 Foundation to support our educational and
11 technology program. As a technology
12 director, instead of saying to the teachers
13 you have five computers in your classroom,
14 I hope you're using them. Instead I say,
15 let's come up with some creative,
16 educational opportunities to make teaching
17 and learning more exciting and more
18 meaningful.

19 These projects open a new multitude
20 of opportunities for both teachers and
21 students by providing stimulating and
22 motivating environment. Without that
23 financial support from the Rising Sun
24 Regional Foundation, corroborative teacher
25 efforts would not be as nearly as

1 effective. Thank you.

2 I'd like to introduce Don Swistter,
3 Superintendent of Milan School
4 Organization. Thank you.

5 MR. SWISTTER: Thank you for allowing
6 me to speak today. I'd like to start off
7 by thanking Hyatt Corporation and Grand
8 Victoria in particular. You have made an
9 impact in changes in our community for the
10 positive. All the negative worries about
11 increased crime, et cetera, I don't think
12 you see it in Southeast Indiana.

13 I think what you see is a community,
14 a whole community, a larger community
15 working together with a wonderful company
16 in developing fine resources, entertainment
17 values, cultural events as well as
18 opportunities to game and housing and
19 restaurants. Have provided a great
20 opportunity for our communities to feel
21 proud in being southeastern Indiana. We
22 have always thoughts for many years
23 southeastern Indiana has been forgotten by
24 the State of Indiana. But we do still pay
25 our taxes. We're looking forward to

1 continued support from the Rising Sun
2 Regional Foundation and the Hyatt and Grand
3 Victoria in particular.

4 Milan is a school that is a proud
5 neighbor to the north. But we're also
6 very, very poor. And by poor I'd like to
7 describe in terms that we all can
8 understand, assess valuation per people.
9 Milan has 1,250 students. We have assess
10 valuation of \$31,188 per pupil. Now that
11 will compare favorably to only 10 other
12 school corporations in the state.

13 Milan is the 11th poorest district in
14 the State of Indiana. The most affluent,
15 if you use assess valuation as a basis for
16 judging the wealth of a community, the
17 South Central School Corporation in
18 Woxworth, they have \$144,532.69 per pupil.
19 There is a significant difference when you
20 subtract those two over 113,000 dollars per
21 pupil difference.

22 To a school corporation, that is
23 dramatic. It is not so much the funding of
24 the general fund and paying of salaries,
25 what is significant in school corporations

1 that do not have great assess valuation
2 suffer in the ability to build buildings,
3 to put equipment in those buildings and
4 repair and maintain those facilities.

5 So what does the Regional Foundation
6 and Ohio Foundation do for Milan? They
7 have given us 416,000 worth of the grants.
8 That's the Milan School Corporation, a
9 little small neighborhood to the north.
10 What that included, the biggest significant
11 thing is when you talk about services, the
12 computer. We have had, you know, \$280,000
13 worth of computer purchases. We have had
14 \$27,000 worth of software purchases to
15 allow for us to prepare better for testing
16 that's going on in the State of Indiana.
17 But we have also had little programs like
18 the Crybaby thing is over. The little baby
19 cries and the parents have to take care of
20 them because the youngsters bring them
21 home. Milan would not be able to afford
22 capital projects such as that without the
23 support of the Rising Sun Regional
24 Foundation.

25 Recently we finished a construction



1 project and we felt it was a necessity that
2 we maintain separate libraries for the
3 middle school and high school library.
4 Rising Sun grants allowed us to apply for
5 State funding and they were the matching
6 force that allowed us to maintain our
7 middle school library where we built a new
8 high school library.

9 I can go on and on about the benefits
10 of the Rising Sun Regional Foundation, but
11 I do support the renewal of the Hyatt and
12 the Grand Victoria. And I do support
13 continuation through education, that is a
14 great equalizer in our country. Without
15 equal opportunities to get an education,
16 not all Indiana citizens would be allowed
17 to achieve their goals. Thank you.

18 MS. WIGGERS: And now I'd like to
19 invite Richard Ullrich, Mayor of Aurora.

20 MR. ULLRICH: Thank you Marianne, and
21 thank you for the opportunity to speak
22 before the Commission today. It is
23 imperative that the license for the Grand
24 Victoria of Hyatt be renewed. And it has
25 meant so much to us to be partners in so



1 many ways. Not just with the City of
2 Rising Sun and Ohio County, but with Grand
3 Victoria.

4 1997 there was flooding in the area.
5 There was no way to make a trip down the
6 road because Highway 56 was covered with
7 water. Grand Victoria came to town and fed
8 all the emergency workers without being
9 asked, they just did it. When it came time
10 to share funds, it was the visionaries of
11 the people of Rising Sun and people that
12 thought long term rather than not just for
13 themselves or for the next day or two, and
14 for generations to come on how gaming could
15 positively impact Southeastern Indiana.

16 When you talk about inter-local
17 governmental cooperation, I think Rising
18 Sun and Ohio County set the standard. And
19 I certainly would like to take the time
20 today to thank them for that.

21 I have to say that when you look at
22 the list of the things that the Rising Sun
23 Regional Foundation has done for the City
24 of Aurora, the list is before you in your
25 booklets and has been presented to you. It

1 really, it hits me in the heart as Mayor to
2 think that we could even think about doing
3 any of these projects. Because I can tell
4 you in 1994 when I became Treasurer of the
5 City of Aurora, all we did was pay payroll
6 and pay for our daily expenses. There was
7 no planning whatsoever.

8 Along comes 1995, and some additional
9 checks coming from our neighbors we're able
10 to kind of trash our 1979 Masterplan which
11 was done the year I graduated from high
12 school, and start looking towards the
13 future. And without the assistance
14 financially to do things like that, there
15 would be no hope.

16 So I think the overall message I
17 would like to get across today is we have
18 gone from hopelessness in Aurora to a high
19 level of hope. And the concept of the
20 folks at the Hyatt and Rising Sun Regional
21 Foundation, City of Rising Sun and Ohio
22 County, to be able to look beyond how
23 business was done before, which did not
24 really take into account sharing, you took
25 care of yourself because that's all there



1 was money to do. And looked at how they
2 would be fortunate enough to be able to
3 share and to be able to share with their
4 neighbors, I think again is fantastic.
5 Everybody appreciates it.

6 And, again, I encourage you to review
7 the Aurora list, which is in your booklet.
8 I won't take time to do that now, however,
9 we are thankful and fortunate and hope to
10 continue with the prosperity. And if there
11 are any questions, I'll be happy to
12 entertain them.

13 But, again, just encourage you to
14 look at the list. It has been very helpful
15 to us, and we have a capital improvement
16 plan we created as part of the planning
17 which said we had about 16 million dollars
18 of unmet needs. We're currently working on
19 10 million of this. So what went from 20
20 years of wishing has come to five to ten
21 years of reality.

22 So, again, I thank you for that
23 opportunity and welcome you to Southeastern
24 Indiana

25 MR. BUCK: Well, thank you very much

1 for those kind words. As I said, at the
2 outset, we do view these projects as
3 partnerships. And we're delighted to have
4 even in a small way, a positive factor in
5 the community. And, you know, I assure the
6 Commission that you have our commitment to
7 continue to fund the Foundation on the same
8 basis. Assuming that there is no
9 significant change in our circumstances,
10 obviously, that would indicate, would
11 certainly be one of those. It is
12 important, the Foundation is important to
13 us and we are delighted to renew our
14 commitment.

15 I also want to just close, at least
16 our presentation by, again, stating to you
17 our commitment to responsible gaming. It
18 is our pledge to work with the Commission
19 and its staff to comply with the letter and
20 spirit of the Laws of Indiana. We
21 understand that the license is a privilege,
22 and with it comes substantial obligations.
23 We respectfully request favorable
24 consideration of our request for renewal of
25 our riverboat owner's license. And now we

1 will entertain any questions that the staff
2 or members of the Commission might have.
3 Do you want to go to the other speakers?
4 Great.

5 CHAIRMAN VOWELS: what we will do as
6 far as questions, we will wait a little
7 bit. we have a member of the public that
8 wants to address the Commission. we will
9 be with you in just a minute.

10 Pamela Rees.

11 MS. REES: Good afternoon. I'm
12 Pamela Rees. And together with my husband
13 William, we own William Rees Instruments
14 Harps on Main. And we're merchants here in
15 Rising Sun.

16 William Rees Instruments is the
17 largest builder of the custom lever harps
18 in the United States. And, in 1996, after
19 25 years of business in California, we
20 began to look for a location in the
21 Midwest, something closer to the majority
22 of our customer base. we periodically
23 searched through the following years.
24 During this time we considered well over
25 100 different cities and drove through

1 many, many more. We looked as far as west
2 as Kansas City, Missouri, as far east as
3 Bethlehem, Pennsylvania, and as far north
4 as Ann Arbor, Michigan. We had a specific
5 list of the criteria and no city had yet
6 made our requirements. In the summer of
7 1998 we came up river and arrived in Rising
8 Sun and we paused.

9 Main Street Rising Sun was an odd
10 place back then. As with umpteen of the
11 small towns we had been through, there was
12 a few shops hanging on and lot of empty
13 stores. The difference was streetscape.
14 The Pavilion, gazebo, brick work,
15 lampposts, flower pots, street signage --
16 it was the streetscape itself that caused
17 us to stop and get out of our car and ask
18 what was going on. At the time we did not
19 even know there was a casino in town,
20 because we had not come far enough through
21 town yet. By the time the director of the
22 Historic Downtown Program office had given
23 us the royal tour, the checkmarks on our
24 requirements list began to build up.
25 Rising Sun had, with what we believe some

1 very real vision, based its downtown
2 refurbishment project on what they called,
3 Arts as Economics. Arts as Economics
4 included an array of incentives, which had
5 been tailored for businesses just like
6 ours. Additionally, the tax base which
7 was, and remains, low. The city's
8 infrastructure was either newly refurbished
9 at that time or in the process of being
10 redone. The schools were being upgraded
11 and amenities were being introduced,
12 including the Senior Center, the medical
13 building, the child care facility. We
14 quickly learned that all this was made
15 possible through the contract between
16 Rising Sun and Hyatt. Of the cities we had
17 considered, Rising Sun was the first to
18 meet our criteria and we were the first
19 arts-based business to buy a building on
20 Main Street.

21 Many of the towns we had seen across
22 the country had casinos in them or nearby.
23 The difference for this town is that the
24 original contract was crafted with more
25 integrity and vision than is probably

1 common. And the fact that Hyatt, itself,
2 has made a concerted effort to go above and
3 beyond the contract in being a good
4 neighbor. In the numerous dealings I have
5 had with Hyatt, either on behalf of my
6 company or for some civil function, Hyatt
7 has, quite simply, said, yes, whenever
8 possible. They have loaned out chairs,
9 supported the United Fund, purchased
10 advertising, provided funding for a myriad
11 of events and, particularly, with the
12 current administration they have
13 contributed their valuable advise and
14 expertise. They have integrated themselves
15 into the community and Rising Sun would be
16 poor in many ways other than fiscally if
17 they would suddenly be without Hyatt.

18 In the past 18 months Wm. Rees
19 Instruments and our retail gallery Harps on
20 Main has thrived here in Rising Sun.
21 Distinct from our core business, which has
22 long been growing and successful, our
23 gallery located at 222 Main Street, has
24 been profitable during its first full year
25 of business. Since we had not projected



1 profitability for the small gallery portion
2 of our business for at least two more
3 years, we have been very pleased. While
4 many would wish it would be possible for
5 fingers to snap and flourishing business
6 district to emerge from the smoke, it seems
7 more realistic to look at the longer view.
8 And in that view Rising Sun with the
9 necessary assistance of Grand Victoria has
10 generated the infrastructure for success.

11 During the past year, Wm. Rees
12 Instruments has received the INvision
13 Southeast award for outstanding
14 contributions to the economic development
15 within Ohio County, Midwest -- I'm sorry.
16 A triple A Midwest Traveler Travel Treasure
17 award, three peer awards at nationally
18 ranked art shows. And most recently won an
19 award in the Indiana State Main Street
20 Business of the Year Award for our direct
21 contributions to the revitalization of the
22 Historic District in Rising Sun. Wm. Rees
23 Instruments would not be in Rising Sun if
24 Hyatt had not gotten here first. Their
25 contribution as a good neighbor in Rising



1 Sun have made all the difference. Thank
2 you.

3 MR. THAR: Mr. Soloman. Ed Soloman.
4 We have heard an awful lot about the Rising
5 Sun Foundation. You're Executive Director
6 you put in a request, do you feel like your
7 requests has been adequately covered, or do
8 you need more time?

9 MR. SOLOMON: Yes, sir. Thank you
10 very much.

11 MR. THAR: During the question and
12 answer session we will defer to you on
13 questions, if need be.

14 CHAIRMAN VOWELS: Kenny, did you get
15 any other public comment?

16 Okay. Let's -- we will take about a
17 five-minute break which means 10 minutes
18 and start again.

19 (Short break is now being taken.)

20 CHAIRMAN VOWELS: All right. We're
21 back. And now it is time for the question
22 and answer session.

23 Let me, Ms. Wiggers, if I may ask you
24 a couple question about revenue sharing. I
25 noticed in the booklet that you gave us



1 that each year the grants drop each time,
2 is that correct? I mean, I know it started
3 out at 10 million or something, that's a
4 total summary of '97 to 2001. But each
5 year it went down a little bit. Is that --
6 am I reading that correctly?

7 MS. WIGGERS: The number of grants or
8 --

9 CHAIRMAN VOWELS: In 1997, it appears
10 that the grants were 2.5 million, and then
11 in '98 down a little bit, 2.1. And then it
12 goes down each year to 2001, 1.4 million.

13 MS. WIGGERS: Based on admissions
14 and how much we get in admission taxes. As
15 those numbers decreased a little bit over
16 the years, we had to readjust the budget
17 accordingly. We're roughly awarding, this
18 year it will be two million dollars awarded
19 back to the area.

20 CHAIRMAN VOWELS: Okay. So the
21 number for 2001 is year-to-date rather than
22 -- you still have more money to give out,
23 is that what you are saying?

24 MS. WIGGERS: That's correct.

25 CHAIRMAN VOWELS: Do you have money



1 on hand, or do you distribute all of it
2 each year or what do you do?

3 MS. WIGGERS: We maintain a fund of
4 close to a million dollars. Only because
5 if there are times when we would be faced
6 with an emergency grant, so to speak, and
7 there have been a few of those that have
8 come to us. So we do maintain another pool
9 of funds that, liquid funds, that does not
10 go into the permanent reserve.

11 CHAIRMAN VOWELS: Okay. And it is
12 your intention to continue as you're doing
13 with revenue sharing on the regional basis;
14 is that correct, with Aurora and Ripley
15 County?

16 MS. WIGGERS: That's correct.

17 CHAIRMAN VOWELS: Okay.

18 MR. THAR: Just a follow-up on that
19 question, if I may. There have been two or
20 three speakers, including yourself, asked
21 us to ask Hyatt to commit to funding at the
22 levels that they have been funding the
23 Foundation. Can we ask you to commit that
24 there will be no more shrinkage in the
25 region at the Rising Sun Regional



1 Foundation distributes it funds to?

2 MS. WIGGERS: As far as the
3 communities we identified?

4 MR. THAR: Yes.

5 MS. WIGGERS: There would be no other
6 cutbacks on that because the benefit area
7 would continue to be Ripley County and all
8 entities in Ripley downtown, all the towns
9 in the City of Batesville, Ohio County and
10 the City of Rising Sun, and also the City
11 of Aurora. And that's in our bylaws that
12 those entities will be part of the Regional
13 Foundation.

14 MR. THAR: We don't have to worry
15 about that ever getting smaller?

16 MS. WIGGERS: No.

17 MR. THAR: What is the chance of it
18 ever getting bigger if Lawrenceburg, and
19 Dearborn County, maybe be even Switzerland
20 County agreed to participate, would you be
21 reopened, would you reopen to that concept?

22 MS. WIGGERS: We would entertain that
23 idea at any point in time. That was
24 something that we felt very strongly about
25 when the Switzerland counties boat was



1 issued and license was issued in '99, by
2 virtual of our own bylaws, the charter of
3 the foundation, we had to then go back and
4 look at how that was affecting those
5 additional monies that would be coming into
6 Switzerland County. And at that time
7 Dearborn County, through the City of
8 Lawrenceburg and monies they were getting
9 from Argosy, they had finally established a
10 revenue sharing program within their own
11 county.

12 So when we looked at all those
13 numbers together, we went back, we put a
14 program together, presentation and we went
15 to the people at Switzerland County. We
16 talked to the casino operators. We went to
17 Dearborn County. We talked to leaders
18 there and the people at Argosy trying to
19 come up with some concept to where the
20 other two boats would also support a
21 reasonable concept. It simply didn't fly.
22 But we are convinced that that would be
23 just an unbelievable sharing of monies.

24 MR. THAR: It is my understanding the
25 Rising Sun Foundation did reach out to each



1 of those communities, and was unable to
2 come to a satisfactory arrangement with
3 either of them. I'm just wondering, and
4 your answer I believe is yes, that you
5 would reach out again if either or both
6 communities said, we would like to
7 participate in that. And they were willing
8 to contribute at the levels that would be
9 appropriate?

10 MS. WIGGERS: Right.

11 MR. THAR: Compared to what is going
12 on now.

13 I think that those who were here at
14 the time that the license was giving to
15 Rising Sun, the Rising Sun received the
16 license -- the first license was given in
17 Southeastern Indiana, not Lawrenceburg,
18 because of the two concepts, two primary
19 concepts, the first one was the Rising Sun
20 Regional Foundation. The second one was
21 the concept of revenue sharing by the City
22 of Rising Sun to create a regional
23 distribution of dollars beyond this very
24 small community in this very small county.

25 Certainly the Rising Sun Foundation



1 is beyond criticism in terms of the good it
2 has done in the area. And I seen Dunbow in
3 the back, and he was one I believe, the
4 proponents, if not designers of this at the
5 time. Is that a relatively accurate
6 statement, Mr. Dunbow, from your
7 perspective?

8 MR. DUNBOW: Yes, it is.

9 MR. THAR: So we congratulate you and
10 want to see this continue. We just want to
11 insure that Ripley County, Aurora, the
12 communities that are already presently
13 participating in your foundation, do not
14 have to worry about continued participation
15 as long as the funding is coming in from
16 Hyatt. With those types of
17 representations, certainly we can talk to
18 Hyatt about their responsibilities.

19 MS. WIGGERS: That's correct.

20 CHAIRMAN VOWELS: Okay. Thank you.
21 Any other questions?

22 MR. GETTELFINGER: Yes. Could you
23 tell me a little bit about your Board and
24 your governments? For example, how is
25 membership determined on your Board?

1 MS. WIGGERS: The Board, there are
2 seven members on the Board, and we are
3 appointed through the areas of the
4 government that we represent. I, myself,
5 am appointed by the City of Milan, the City
6 of Versailles, Holton and Napoleon. Those
7 five entities have to agree on an
8 appointment. We're appointed only to a
9 three-year term. Another member in Ripley
10 County is appointed by the City of
11 Batesville, the town of Sunman, and then
12 the third representative from Ripley County
13 is appointed by county commissioners.

14 And it is a similar structure in
15 Rising Sun where we have one floating
16 member that one year or one term is
17 appointed by the City. The next term is
18 appointed by the County. And then there is
19 an appointment through the County, and then
20 another one through the City. And then in
21 Aurora it is appointed by the town council.

22 MR. GETTELFINGER: Thank you. I
23 quickly reviewed your grants, and I only
24 saw that soccer was funded. Have you
25 funded any other sports?



1 MS. WIGGERS: We have done a lot of
2 ball parks, a lot of lighting at the ball
3 park. I think just about every ball field
4 in the area now has lights on it.
5 Basically, the others sports are funded
6 through the schools, the soccer is an
7 outside school entity. So I'm sure that's
8 the only reason that we have had any grants
9 for that specific sport.

10 MR. GETTELFINGER: I have a selfish
11 interest as being a soccer dad. You, for
12 example, are putting some pressure on us in
13 our area.

14 MS. WIGGERS: Do you have a riverboat
15 in your area?

16 MS. BOCHNOWSKI: Just a quick
17 question. You have made a commitment that
18 you will not at any time try to cut out
19 Ripley County or Aurora from your grant,
20 but do we have a commitment that it will
21 stay relatively at the same kind of percent
22 tables that we have seen in this book?
23 That you're not going to be trying to keep
24 more in here in the Rising Sun area, less
25 for the outside areas?



1 MS. WIGGERS: When we first started
2 the formation of the Regional Foundation,
3 the Board, we had many, many, many
4 discussions early on as to how do we
5 distribute the money? What is fair? How
6 do we do it? Do we do it by county? Do we
7 do it by money. Do we set so much of
8 percentage per county.

9 We decided that that was way too
10 difficult, and we then made the conscience
11 decision that we would base it on the
12 applications and the grants, and the value
13 of the grant at the time that it was
14 presented. We have four cycles a year,
15 four quarterly cycles where we grant money.
16 And everytime every organization has the
17 wherewithal to whatever project they were
18 to present, they would submit it. And we
19 don't even look, I mean, we don't even
20 consider the counties, the area, the school
21 corporation. We look at it based on the
22 value of that project when it is presented.
23 And it is amazing as we look back on
24 putting all these numbers together, how
25 that has turned out.

1 It truly was a conscience decision to
2 base it on the value of the project. And I
3 think by doing that, we have made the
4 community, we have made the school
5 corporation, we have made the municipals,
6 we have made the county governments, we
7 have made them responsible that they have
8 to plan, they have to present a budget. It
9 has to be capital, it has to be project
10 specific. And I think we have helped them
11 plan. We have helped them organize and we
12 have helped them be accountable for that
13 money.

14 MS. BOCHNOWSKI: Thank you.

15 CHAIRMAN VOWELS: You're from Milan;
16 is that correct?

17 MS. WIGGERS: That's correct.

18 CHAIRMAN VOWELS: That's Ripley
19 County?

20 MR. WIGGERS: Yes.

21 CHAIRMAN VOWELS: You're title with
22 the Foundation is?

23 MS. WIGGERS: Serve as President of
24 the Foundation.

25 CHAIRMAN VOWELS: Okay. How long is



1 that term?

2 MS. WIGGERS: We all have three-year
3 terms. And it is a staggered term.

4 CHAIRMAN VOWELS: How long have you
5 been President?

6 MS. WIGGERS: Since the inception.

7 CHAIRMAN VOWELS: Okay. All right.
8 Is that more than three years?

9 MS. WIGGERS: Yes.

10 CHAIRMAN VOWELS: Okay.

11 MR. THAR: Like some of us, we got
12 reappointed.

13 MS. WIGGERS: Nobody else wants to
14 come up here and talk.

15 CHAIRMAN VOWELS: Did you miss a
16 meeting and get appointed President or
17 what?

18 MS. WIGGERS: No.

19 CHAIRMAN VOWELS: Okay. Is it
20 compensated?

21 MS. WIGGERS: Yes, we do receive
22 compensation.

23 CHAIRMAN VOWELS: More than \$50 a day
24 we're getting to be here?

25 I don't have any other questions for



1 Ms. Wiggers, if I know what is good for me.

2 Anything else for Ms. Wiggers?

3 All right. Thank you, ma'am.

4 MS. WIGGERS: Thank you. You're
5 welcome.

6 CHAIRMAN VOWELS: To address -- well,
7 Mr. Mayor, there was some discussion
8 earlier in -- Mayor Roeder is he here?
9 There he is. About the outlet mall. Has
10 that -- in our documents that there was
11 negotiations going on with that, has that
12 been resolved?

13 MAYOR ROEDER: Yes, definitely
14 resolved. And the outlet mall of the
15 200,000 is --

16 CHAIRMAN VOWELS: If you can come up
17 to the podium for the court reporter.

18 MAYOR ROEDER: It was mutually
19 decided by the Grand Victoria and the City
20 that the 200,000 would go to help with the
21 EMS building and \$350,000 would improve our
22 river front. And that would be more
23 beneficial, we think, to all parties.
24 Because the river holds a great deal of
25 promise so far as traffic. And we have a



1 project which is being bid now, and hope to
2 have another project next year, which will,
3 with the help of Grand Victoria, put people
4 on the river in town, bring them to our
5 Main Street and to Grand Victoria. This
6 replaces the outlet mall by mutual --

7 CHAIRMAN VOWELS: How recently did
8 you all come to that?

9 MAYOR ROEDER: Did we do that, hours
10 days. Really, that particular part was
11 negotiated two or three months ago. It was
12 decided that's the way we both wanted to
13 go. And I defer to Larry and his folks.
14 Dan -- yes.

15 MR. AZARK: If I might, those
16 agreements are being incorporated to a
17 third amendment to the project agreement.
18 The agreement has been drafted. It is
19 almost final, 99.9 percent done. It is
20 mincing words. It is within a couple of
21 days. We're working on exhibits.

22 Part of the resolution is, in
23 addition to something, some financial
24 contribution, we're also giving the City
25 some additional land next to the medical



1 center, so the medical center can be
2 expanded. We need to work out legal
3 descriptions and amendments to the
4 agreement. And that's essentially the only
5 thing that's standing between us and
6 executing it. That's ongoing right now.

7 MAYOR ROEDER: We expect these
8 documents to be signed within days.

9 MR. AZARK: Within a couple of days.

10 CHAIRMAN VOWELS: I knew that that
11 was an issue from our materials. I'm glad
12 to see that's resolve.

13 MR. THAR: May I ask a few questions?

14 MAYOR ROEDER: Yes.

15 MR. THAR: Mr. Mayor, is the City of
16 Rising Sun revenue sharing?

17 MAYOR ROEDER: Do we what?

18 MR. THAR: Share the revenue with
19 other places?

20 MAYOR ROEDER: Those mentioned,
21 other places meaning neighboring counties?

22 MR. THAR: Yes.

23 MAYOR ROEDER: Yes.

24 MR. THAR: Ripley County, City of
25 Aurora and Patriot?

1 MAYOR ROEDER: City of Aurora, town
2 of Patriot, Ripley County. Seven or eight
3 counties I mentioned in Ripley, Dearborn
4 and Switzerland County. And those, yes.

5 MR. THAR: You were not Mayor at the
6 time this license was awarded?

7 MAYOR ROEDER: That's correct.

8 MR. THAR: But are you aware there
9 was a very strong commitment made by the
10 then Mayor and other officials of the city
11 and the county to this Commission that
12 revenue sharing would continue?

13 MAYOR ROEDER: Yes.

14 MR. THAR: Are you, as Mayor,
15 committed to that? Sharing the revenue
16 with the group you are presently sharing it
17 with, based upon the levels of sharing you
18 presently do to the income coming to you?

19 MAYOR ROEDER: Yes. Beyond, without
20 question, that is true. The only thing
21 that would cause that not to be true would
22 be an additional riverboat. And there
23 can't be additional riverboats. So, yes.
24 The answer is yes. We will not be changing
25 anything or cutting back.



1 MR. THAR: Mr. Mayor, I don't want to
2 dig too deeply into your finances, how much
3 money does the City of Rising Sun have on
4 deposit? Either in certificates of
5 deposits or investments?

6 MAYOR ROEDER: Rae?

7 MS. GIPSON: Probably about 11
8 million.

9 MAYOR ROEDER: Eleven million
10 dollars. Many of these dollars are
11 committed. We have a commitment to
12 highway. We are -- I can't give you an
13 exact figure, but I would say most of those
14 dollars have been committed?

15 MR. THAR: How much of the 11 million
16 is not committed?

17 MS. GIPSON: What?

18 MR. THAR: How much is not committed?

19 MAYOR ROEDER: Not committed? The
20 highway --

21 MS. GIPSON: Not committed, did you
22 say?

23 MAYOR ROEDER: Any thoughts, Rae?
24 Let the clerk treasurer, Ms. Gipson --

25 MR. THAR: Could you state your name

1 for the court reporter, please?

2 MS. GIPSON: Sure. Ray Gipson, Clerk
3 Treasurer. I would say -- how much is not
4 committed? Actually, we commit every year.
5 we do a projection of what we know we
6 anticipate to receive, and what we have on
7 hand. And we disburse that per project.
8 And we have a 100 percent pie chart which
9 I'm sure most of you are familiar with as
10 far as like 40 percent would go to
11 infrastructure, eight percent goes to
12 utilities, on down through.

13 So, you know, we have put some funds
14 in endowments with the Community
15 Foundation. But, you know, other than that
16 I would say it is all committed.

17 MR. THAR: Of the 11 million dollars,
18 about how much of it --

19 MS. GIPSON: Of the 12 million?

20 MR. THAR: Is it 12 million?

21 MS. GIPSON: Ten or 11 million. I
22 would say it will all be committed.

23 MR. THAR: Let's just use 11 million.
24 How much of the 11 million is committed?

25 MS. GIPSON: At this point?

1 MR. THAR: Yes.

2 MS. GIPSON: I would say nine.

3 MR. THAR: Nine. So you got two
4 million excess right now?

5 MAYOR ROEDER: Most likely. We
6 mentioned the highway, the project on the
7 river, which is bid, has gone to press this
8 week, will be more than a million dollars,
9 estimated it to be more than a million.
10 That money will be encumbered, that is,
11 obligated or will be obligated by contract
12 in two weeks. So nine million --

13 MS. GIPSON: There is approximately
14 two million uncommitted that we have
15 projected that was going out for bid
16 January 3rd. Probably a million, million
17 and a half.

18 MR. THAR: Thank you.

19 CHAIRMAN VOWELS: Any other questions
20 for the Mayor?

21 Thank you.

22 Is there anybody that can answer the
23 same questions on behalf of the county?
24 Does the county have funds on deposit?

25 MR. DORREll: Yes, we do have.



1 MR. THAR: Sir, can you state your
2 full name for the reporter, please, and
3 your position?

4 MR. DORRELL: My name is Dillon
5 Dorrell, Ohio County Council. Mr. Thar,
6 what is your question? Would you repeat
7 the question, please?

8 MR. THAR: Yes. Does the county also
9 have money?

10 MR. DORRELL: Yes, sir, we do.

11 MR. THAR: Do you know how much, ball
12 park figure?

13 MR. DORRELL: I am not sure, we have
14 an auditor here. But our funds are
15 committed the same as the city, through
16 ongoing projects. Commissioner, driving
17 through our community you can see our Ohio
18 County courthouse, our highways, and I
19 don't need to bother you where we spend the
20 money. We have -- I can supply the Gaming
21 Commission after the meeting where our
22 funds are going and where we're committed.

23 we're also looking and have committed
24 recently with the city a new community
25 library. It is ongoing. I don't think

1 anything was said on that. It is very
2 early in the inception of that. We have an
3 old Carmichael library, 1920 up on the
4 corner, so that's a commitment. But our
5 funds are committed.

6 MR. THAR: 100 percent of the funds?

7 MR. DORRELL: 100 percent.

8 MR. THAR: Well, we don't need to
9 question the veracity of your expenditures.
10 Just as Ms. Rees pointed out, you can not
11 drive through the City of Rising Sun or
12 Ohio County without noticing things that
13 other communities can only dream of,
14 including courthouses, medical facilities,
15 senior citizens facilities, the signs
16 alone, you only see signs like that in
17 Carmel, Indiana.

18 MR. DORRELL: I will say this, we're
19 really proud. You talked to Dr. Ross,
20 we're as proud as any community that's city
21 and county, as I would say anyplace in this
22 state on how we have spent our funds. How
23 we intend to do this, our sharing, and
24 we're just extremely proud.

25 Looking with hindsight, when you



1 folks came down and there was a cornfield
2 here and tobacco field, we're a proud
3 community. And due to the economic
4 benefits of the casino industry, these
5 would not have been possible without Hyatt
6 and the gaming industry in this area.

7 MR. THAR: Our only concern -- I had
8 an opportunity to talk with you before in
9 the past concerning this issue, is that
10 this Commission, certainly my belief is the
11 concept of sharing revenue only within the
12 county, but to communities that would not
13 get them, like Ripley County, your doing it
14 with Patriot, you're doing it with Aurora
15 that that continues. Is the county
16 committed to continuing that?

17 MR. DORRELL: Absolutely, sir.

18 MR. THAR: It is what has made --
19 what this county and what this city has
20 done with riverboat revenues, has not been
21 duplicated anywhere, that I'm aware of.
22 And you're right, you should be a proud
23 county, and over this, the concept of it
24 and execution of it to date shows what good
25 can come from the revenues generated by a

1 good public/private partnership in the
2 gaming area when it is handled with the
3 maturity that the city and this county has
4 shown to date with regard to it.

5 We just need assurance, if you want
6 us to impose any types of requirements on
7 the riverboat licensee, that we're going to
8 continue to see that same maturity and same
9 sharing that has made your community you
10 are to continue.

11 MR. DORRELL: We're very proud.
12 We're proud of those communities that we
13 have shared money with for what they have
14 been able to accomplish. And, yes, sir, we
15 intend to continue to do that, the county
16 does. Of course, we have a smaller
17 percentage of gaming money in the county
18 than the city does. So the percentage of
19 sharing will be the same, but the total
20 dollars are different for what the county
21 shares with the communities and what the
22 city does, the Rising Sun, because of the
23 total dollars received.

24 MR. THAR: And we understand that if
25 those dollars go down, the sharing goes



1 down. If the dollars go up, the amount of
2 sharing goes up. We just want to know that
3 those same ratios will continue to exist
4 with the same groups of people.

5 MR. DORRELL: Yes, sir.

6 MS. BOCHNOWSKI: I was here
7 originally, and Jack is absolutely right.
8 One reason you got -- there is very limited
9 number of licenses, it is a real privilege
10 to have a license in this community, in any
11 community that has one, not just this one.
12 And one of the reasons that Rising Sun got
13 it was because we were so impressed. It
14 would be just a tragedy to see that end.

15 MR. DORRELL: I think you will
16 continue to be impressed.

17 MS. BOCHNOWSKI: Thank you.

18 MR. THAR: Thank you for stepping up.

19 CHAIRMAN VOWELS: Does anyone have
20 any particular questions?

21 MS. BOCHNOWSKI: Do you want to stay
22 on that?

23 CHAIRMAN VOWELS: It doesn't matter.
24 I think we have flushed that out. I have
25 got some different topics that I could

1 address to the Grand Victoria people.

2 The capital expenditures. From what
3 I see here during the three-year period
4 1998 to 2000, were 5.7 million. And then
5 projected for 2001 to 2003 is 5.3 million.
6 So it seems to be dropping. Can you give
7 me an idea of what the capital expenditures
8 are for during that three-year period of
9 '98 to 2000.

10 MR. BUCK: A huge majority -- let me
11 restate the question to make sure I
12 understand. What was the large dollars of
13 capital investment attributed to? Over the
14 last few years, a lot of what --

15 MR. THAR: No. What is the
16 projection capital investment for dollars
17 above what has been expended? Let's go
18 forward, not back, is the question.

19 MR. BUCK: I am not sure I'm
20 following you?

21 MS. BOCHNOWSKI: What are your plans?
22 What do you plan to do to improve the
23 project as far as capital expenditures and
24 by exactly what amounts? Not just what
25 you're doing, but the amounts.



1 MR. BUCK: Earlier when I showed my
2 slide, I talked about several issues, I'll
3 cover some of them again. Over the last
4 couple of years, since I arrived on the
5 property, we spent a lot of dollars
6 replacing and upgrading slot machines.

7 When we bought the motor vehicle
8 Grand Victoria II, it came with slot
9 machines that were obviously there at the
10 time which made them aged. As we go
11 forward into the future, we're looking to
12 replace machines, upgrade them with the
13 most updated technology at the platform.
14 But also give our customers the latest
15 technology and newest, I call our "customer
16 toys," turn them over more frequently. Now
17 as industry changes, we're now depreciating
18 the machines over three years rather than
19 five, a trend that's pretty prevalent in
20 the industry.

21 In addition, our largest capital
22 expenditure this coming year is going to be
23 the computer system to the casino. It is
24 going to be, correct me if I'm wrong, \$2.7
25 million dollars?

1 MR. MILLAGE: Correct.

2 MR. BUCK: That includes our training
3 time. The next big project we have going
4 that is the construction of the clubhouse,
5 which is a permanent clubhouse for the golf
6 course, that will be \$950,000 to one
7 million dollars. Casino carpet is going to
8 be replaced this year, starting in --
9 assuming the carpet is delivered on time,
10 probably in January.

11 The next big project we have going is
12 hotel room renovations. Additionally, we
13 will spend about 1.2 million starting with
14 replacement of all bedding. And the
15 spring and the fall we will take rooms out
16 of commission about ten at a time. We
17 replace all the soft goods, and roll to the
18 next ten rooms. We anticipate that project
19 will again start in the fall and roll right
20 through the winter of 2003. Hotel
21 renovations is 2.3 million over the two
22 years.

23 MR. THAR: You said that too fast.

24 MR. BUCK: The total capital
25 projected for hotel renovations is 2.3

1 million dollars over two years.

2 MR. THAR: What is the hotel
3 renovation capital project consist of
4 again?

5 MR. BUCK: Total rooms, all the soft
6 goods in the hotel starting with all the
7 bedding, and in the spring and in the fall
8 we will begin replacing soft goods, that
9 includes things like carpet, wallpaper,
10 drapery. All the general things that we
11 are soft goods.

12 MR. THAR: There has been talk on and
13 off by Hyatt to increasing the number of
14 rooms, now it is at 201, potentially
15 doubling them or more. Where is that?

16 MR. BUCK: Right now it is not a
17 project we're looking at very seriously,
18 internally we analyzed that ongoing. One
19 of the things we have looked at is the
20 construction of additional hotel rooms on
21 site. One of the other options was a
22 different type of hotel offering on
23 adjacent land. So it is something we
24 always look at.

25 This year, when Belterra opened, 300

1 additional rooms between us Argosy and
2 Belterra, that was a large increase in
3 numbers of rooms. What happened as a
4 result of the increase in rooms and,
5 frankly, aggressive marketing by Belterra
6 in a group of travel interest, our hotel
7 occupancy dropped initially. We since back
8 filled that with direct marketing to our
9 known casino customers. We're forcing the
10 hotel to be at a high occupancy.

11 MR. THAR: On the tour last night I
12 didn't understand that as being a forced
13 figure. I understood that more of being a
14 "we're proud of figure."

15 MR. BUCK: When we manage a hotel it
16 obviously is an asset. And our motive is
17 one head to the beds. So if the room is
18 not full from a paying customer, we want to
19 fill it with a casino customer. The hotel
20 typically looks at the average daily rate
21 or APR as a measurement of your success of
22 filling rooms. We look internally in terms
23 of a net revenue figure. And some cases we
24 will turn down paying customers to put one
25 of our known casino customers in a room.

1 So it is not a typical hotel equation when
2 you analyze the success of your occupancy.

3 MR. THAR: Mr. Schulze, is there
4 consideration in the near future to
5 seriously relook at the hotel issue here?

6 MR. SCHULZE: Yes. If I could make a
7 couple general comments. If you would
8 indulge me, I'd like to first, if I could
9 address Chairman Vowels questions. All
10 those expenditures do vary from year to
11 year. We have, in fact, we reviewed this
12 in a business planning session we had
13 within the last couple weeks. We had,
14 since the property opened, been
15 consistently setting aside about three
16 percent of net revenues for a capital fund.

17 And, you know, although the
18 experience with each property is different,
19 we expect that the property of this type,
20 the period over which that capital
21 replacement will occur, it will probably be
22 something in the neighborhood of eight to
23 ten years, seven to nine years. And some
24 of the projects that Larry described, soft
25 goods, that's the first step of the

1 renovation needs of the hotel, the hotel
2 rooms would have. We expect at some point,
3 depending on occupancy and use, that they
4 probably will have to do a hard goods
5 renovation as well.

6 So the expenditures from year-to-year
7 may vary. But in terms of our capital
8 planning, we have been setting aside three
9 percent of net revenues for that, for those
10 purposes, of over that eight to ten year
11 period. And when we reviewed it, it seems
12 to us that that is probably the right
13 amount. We are approving some amounts in
14 the funds that we're not currently
15 spending. So notwithstanding some
16 variations and expenditures from year to
17 year, we do expect that over that cycle of
18 an eight-year period or so, we'll be
19 reserving, setting aside, identifying funds
20 adequate to keep the property at the
21 present quality level, keep it fresh and
22 keep it new.

23 The question about the hotel. This
24 is a subject we have looked at, and studied
25 very closely on numerous occasions.



1 obviously, there are a number of factors
2 that would affect that decision. One is
3 competitive set. We are, as you know well,
4 in the process of determining what the
5 potential is and how we can really take
6 investive advantage of this facility within
7 the given competitive set. We're certainly
8 aware of some of the conversations in Ohio
9 and Kentucky about that competition.

10 So we have no current plans to expand
11 the hotel. But we are certainly going to
12 continue to look at that as an option to
13 determine whether or not we believe it is
14 an investment that we would have adequate
15 return to it and would enhance our overall
16 performance.

17 MR. THAR: well, certainly that type
18 of construction does more for the economic
19 benefit of the community then does the
20 implementation of a new computer system for
21 the casino, that would be seen more and
22 you're going to get more in terms of that
23 type of capital investment than from a
24 churning dollars point, then we are by
25 A.C.S.C. system that's going in.



12

13



14

15



1 We understand the need for that,
2 we're looking to see what is the plan by
3 Hyatt to continue to make this property a
4 growing property, a business that is not
5 content to just sit and take profits
6 already taken, but a business that's going
7 to complete actively in the market with
8 those that surround it and do what is
9 necessary to improve their, property to
10 draw their percentage share of the
11 marketplace?

12 MR. SCHULZE: Certainly we will, we
13 intend and will make investments to expand
14 or improve the facilities, when we believe
15 that those investments will have an
16 adequate return on them and can supplement
17 to build on the success of the rest of the
18 facility. We don't have a particular
19 capital program for expanding the hotel,
20 for example, but that is certainly a
21 subject that is -- as I said, we do
22 continue to study and review closely. And
23 I can't give you any schedule for when that
24 expansion might occur.

25 MR. THAR: If we said, if you want us

1 to renew your license you have to build 200
2 more rooms, would you?

3 MR. SCHULZE: Well, that's a tough
4 question. Certainly that would perhaps
5 generate some economic justification for
6 it. Yeah, we would expect that, you know,
7 the burden is placed on us. It would be
8 consistent with what would be wise and
9 prudent capital investment. You know, I do
10 believe that we have, we would certainly
11 have the sense that we face a tough
12 competitive market.

13 MR. THAR: Let me simplify the
14 question. If we don't say that today but
15 say today, when we reinvestigate you for
16 licensure in three years, if you have not
17 expanded the property, will you be able to
18 present us with solid reasons as to why
19 not?

20 MR. SCHULZE: Certainly. We will be
21 more than happy to share with this
22 Commission and its staff our assessment of
23 the potential burdens, benefits -- costs
24 and benefits -- of expanding or improving
25 the facility.



1 MR. THAR: I think we're going to
2 need to know that over the course of the
3 next three years. You have a wonderful
4 project here. It has provided, I would
5 say, handsome returns to the owners of this
6 project. And it has done wonders for this
7 community, the community has done wonders
8 with what it is you have provided them,
9 too. We want to see that continue.

10 We want to see operators and a
11 company that are willing to step up, as I
12 believe was represented by Mr. Pritzger at
13 the time there was competition for license.
14 We're not afraid of competition. We will
15 take on competition. And we will do what
16 is necessary to see that we meet
17 competition.

18 I think I have those things in the
19 record from them, if you need to see them.
20 But we want that assurance. Three years
21 from now when we measure you for, why do we
22 want to renew this license? we don't have
23 the same type of outline we did in the
24 original license. So we're going to be
25 basing that on what you do from the time of

1 this renewal until the time for the next
2 reinvestigation.

3 So we're going to need some hallmarks
4 that you're going to have to participate
5 in, so that we can determine whether or
6 not, while Hyatt may be a good operator,
7 are they in fact the best operator for this
8 location in terms of this region, this
9 city, this county and this state.

10 So I'm throwing these things out as
11 sticks that we may look to, or marks that
12 we may look to in three years as to the
13 overall reconsideration and reinvestigation
14 of Hyatt. For instance, I missed, when are
15 you going to build the clubhouse for the
16 golf course?

17 MR. SCHULZE: Yes.

18 MR. THAR: When?

19 MR. AZARK: October 1.

20 MR. THAR: Of what year? How long is
21 it going to take?

22 MR. AZARK: five months.

23 CHAIRMAN VOWELS: Is that October 1
24 of 2002?

25 MR. AZARK: Yes.



1 MR. THAR: Is there any reason why
2 October 1?

3 MR. AZARK: Dan we will be in a
4 position to actually start in late March,
5 but with, we think it would be disruptive
6 to golf operations to run it during the
7 summer. So we elected, in fact, yesterday
8 we had a meeting and decided to push it to
9 October 1 so it wouldn't be disruptive.

10 MS. BOCHNOWSKI: You know the hotel
11 is one issue, we certainly don't want
12 anybody building hotel space that's going
13 to be empty. On the other hand, it is --
14 there are two issues. There are things you
15 can do marketing wise. I guess what we're
16 looking for is a company that is really
17 excited to be here. Wants to make it the
18 very best. So, every effort is being made
19 to not just be satisfied with what we have
20 here, and the business that you have here,
21 but to make it more. To increase your
22 marketing efforts, to increase your market
23 share.

24 MR. SCHULZE: I think that certainly
25 is a fair expectation. And I don't really

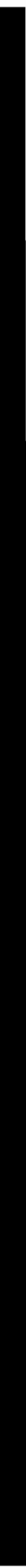


1 know of any circumstances, although I'm
2 sure there probably are some, I don't know
3 of any circumstances where we have passed
4 up opportunities to invest, expand the
5 facilities, invest in properties
6 profitably, because that's -- obviously,
7 that's the business we're in.

8 And I would suggest that it
9 certainly, the commitment to the A.C.S.C
10 system, I know it appears to be just a
11 replacement of a computer, but in our view
12 it is a lot more than that. It is a
13 commitment to market. We believe direct
14 marketing is probably the most key, the
15 most effective means of marketing
16 facilities like that.

17 So for us as a company to make that
18 commitment, that was not made lightly, and
19 it wasn't made simply to replace aging
20 equipment. It was made, it was really a
21 commitment made as an marketing initiative
22 to reach out and expand that market and
23 make it more effective.

24 I would also observe and, you know,
25 all of you have had experiences in various



1 ways. You understand that the climate in
2 which the investment is made is also a
3 fact, the certainty or uncertainty of the
4 climate makes a difference whether it is
5 talking about docksiding or talking about
6 tax increases, or whether it is talking
7 about slots in Kentucky or Ohio.

8 I think, surely all of these factors
9 are certainly ones that we take into
10 consideration and believe ought to fairly
11 be considered in reviewing and evaluating,
12 you know, opportunities to expand
13 particular facilities, to look at the cost
14 benefit of those investments. Certainly if
15 there is an opportunity to increase, you
16 know, wisely invest additional capital to
17 be more successful as Mr. Pritzger said,
18 that's the business we're in. And we will
19 certainly seek those opportunities.

20 CHAIRMAN VOWELS: I think part of our
21 concern is your parent organization, this
22 H-Group Holding, Inc, is very, very wealthy
23 corporation. And from my understanding and
24 from the documentations that's been
25 provided to us, the assets of this Grand



1 Victoria project here only make up seven
2 percent of the total assets of the holding
3 company. And so my concern is that you not
4 become complacent or stegment because in
5 the great scheme of things, this is not
6 something that H. Group Holding would have
7 to necessarily emphasize on.

8 I was unaware that, along with the
9 management of Hyatt Hotels, that they do
10 everything from sales and servicing the
11 business, jet aircraft, and retirement
12 facilities, and just a vast array of
13 things. And I think in an organization
14 that big, just to maintain a situation like
15 we have here, would be awfully easy to do.
16 And I believe that our focus is keeping you
17 alive and thriving and not become
18 complacent and stegment.

19 MR. SCHULZE: We certainly would
20 agree with that. And I know from listening
21 here to portions of today's meeting, the
22 Commission likewise is appropriately
23 sensitive to the issues of feasibility and
24 not creating projects and undertaking that
25 investment that doesn't have, you know, a

1 reasonable likelihood to succeed and not
2 only succeed, but to be healthy and thrive.
3 And that certainly is the basis on which we
4 would be looking for the opportunity to
5 make their investments and expand the
6 facility.

7 MR. THAR: Certainly, Mr. Schulze,
8 we're not saying you need to make capital
9 investments just because. You have made a
10 large capital investment here than you
11 originally contemplated. That investment
12 has returned well.

13 But what we're asking at the same
14 time, since we don't have a commitment,
15 that we get a certificate of suitability of
16 license, but that we have a commitment that
17 you will use the same business accumine,
18 and that you will be willing to invest as
19 aggressive as you have in the past, as long
20 as the opportunity for those investments
21 are reasonable.

22 MR. SHCULZE: I think that's a fair
23 expectation.

24 CHAIRMAN GETTELFINGER: Mr. Chairman,
25 may I ask question a few questions on

1 marketing for Mr. Buck, please?

2 I don't know if it is possible to
3 bring back your projections about
4 admissions to the screen, is that possible?

5 MR. BUCK: Sure. Give us one moment.

6 MR. GETTELFINGER: We can work
7 through the book. If everyone has the book
8 we can work through that.

9 what is the growth rate consumption
10 in the admissions growth?

11 MR. BUCK: I believe we have assumed
12 it is going to grow at two-and-a-half
13 percent.

14 MR. GETTELFINGER: Two-and-a-half
15 percent?

16 MR. BUCK: Yes.

17 MR. GETTELFINGER: Okay. what are
18 some of the underlying assumptions in that
19 growth rate, and what will you be doing to
20 achieve that growth rate?

21 MR. BUCK: When we did our
22 projections, we were looking forward,
23 obviously, with somewhat of a crystal ball
24 like a lot of folks, at the national
25 economy, the local economy and market

1 condition.

2 Also, we have seen a challenge in our
3 local economy starting with the riots in
4 Cincinnati, some of the layoffs at G.E.
5 And Delta, the strikes at Comair and some
6 of those changes in the economy have made
7 an impact on us. As we look forward, like
8 most folks, we're not sure what is going to
9 happen in the political arena, in the
10 military arena.

11 As we do these projections, we look
12 at historical growths in the market, and we
13 consider our market to be southeastern
14 Indiana market, including, Ceasars,
15 Belterra, Argosy and us. And the first
16 thing you do is look back and say that is
17 normal. As we look over the last four
18 years behind us, we never really seen
19 anything that looks like normal. I point
20 to things like flooding that effected the
21 Caesars, expansion of Caesars. Obviously,
22 the opening of Belterra and operation of
23 Belterra. So when we look at what a normal
24 year, what normal market growth looks like,
25 it is very hard to determine. So, again, we

1 have taken a conservative approach to the
2 market growth.

3 The second part of your question, I
4 believe, pertains to what do we do to
5 achieve the market growth? This year we
6 have added television advertising to our
7 company for the first time in a long time.
8 This past year we find our marketing a lot
9 -- focused a lot of data base marketing and
10 direct marketing, and that's one of the
11 reasons we like the new actual A.C.S.C. It
12 will provide us with our market goals,
13 obviously, bring people to our business.
14 Determine their business, to determine
15 their value as a customer to us and then
16 market them accordingly. So as a casino,
17 including Grand Victoria, matures, we so
18 mature our marketing focus. Things like
19 television they are difficult to measure in
20 terms of return on investment. Direct
21 marketing is a little bit more easy.

22 So there is, you know, a vast array
23 of marketing tools or weapons. Some of
24 them you can measure more definitively,
25 some you can't. But, again, marketing

1 depends on who you talk to, it is either a
2 science or a game.

3 MR. GETTELFINGER: In looking at your
4 gaming revenues, what is the growth rate
5 assumption in the increase in gaming
6 revenues?

7 MR. BUCK: Similar to two-and-a-half
8 percent. The reason this past year we're
9 forecasting a decrease in gaming revenue is
10 primarily because of the opening and
11 additional competition of Belterra.

12 MR. GETTELFINGER: I did put a calculator
13 to it, I am not going to recheck my
14 numbers. It just looks to me the growth
15 rate on admissions is a little higher than
16 on gaming revenue. Would that be a fair
17 assumption, looking at the two charts?

18 MR. BUCK: It is a little bit higher,
19 again, it pertains to marketing strategy.

20 MR. GETTELFINGER: That's really the
21 point of my observation, that if the
22 admissions are going up faster than the
23 revenue, what is the difference there?
24 What is -- why is it that more admissions
25 are turned into more revenue?

1 MR. BUCK: Some of the things we
2 talked about last night informally, we talk
3 about how we market our facility. One of
4 the things we learned is extremely valuable
5 to our business is our Gold Card or VIP
6 customers.

7 Those folks are a relatively small
8 portion of our overall active data base,
9 but a very large portion of our normal
10 casino . Obviously, that's a customer we
11 want to manage very closely and do
12 everything we can to build loyalty to that
13 customer. When you change your market or
14 expand your marketing programs and
15 implement TV advertising, for example, your
16 goal is to build traffic and build new
17 blood into your business, to do what any
18 business wants to do. But at the same
19 time, our expectation is not that we're
20 going to build, bring in high customers,
21 that type of marketing. We're really a
22 breakdown market, we look at the market in
23 terms of different segments.

24 MR. LEWIN: If I may jump in.

25 MR. THAR: State your name, please.



1 MR. LEWIN: Larry Lewin, Executive
2 Vice-President of Hyatt Gaming. Good
3 afternoon, and thank you for allowing us to
4 be here.

5 Going a little bit into the market
6 segments, if I can go back to, Mr. Thar,
7 your thought. One of the things in terms
8 of how we're going to expand this company.
9 In looking at whether we're going to 201
10 rooms to 300 to 350 is looking very closely
11 at the market mix that we bring into the
12 property, and what is going to make up that
13 market mix.

14 For example, as part of this year --
15 as part of the cutback expenditure is the
16 air walls brought into this wall. This
17 will allow us to break the room up into
18 small meeting rooms, which allows us to do
19 small association meetings, which will
20 allow us to bring a different customer to
21 the property.

22 We're hoping to be able to bring
23 customers during the midweek, because
24 weekends we can fill up our hotel. We can
25 fill up our casino. But during the

1 midweek, how do you do that? So we're
2 going to use this room now, which we
3 started out using it just strictly as an
4 entertainment complex, to be both
5 entertainment and meeting room complex.

6 The first phase of our expansion
7 thought process is to say, let's break this
8 room into small group meeting rooms so we
9 can have meetings of 50 people, 100 people,
10 150 people or 500 hundred people. So they
11 can have meetings, breakout sessions, and
12 also food.

13 As you took your tour, we really
14 didn't take you into the back of the
15 housing area of the, behind the showroom
16 here. But we have setup areas there so we
17 can also feed people in here, which we also
18 do for the holidays. That's one issue.

19 To get to your question,
20 Mr. Gettelfinger, is why does the revenues
21 go up and not necessarily admissions at the
22 same rate? Different customers have
23 different value. When Belterra opened up,
24 and this being the first full year of them
25 being open, we made a conscience decision

1 we're not going to compete directly, and
2 not dilute the market share.

3 So we internalized and went into a
4 situation where we used direct marketing
5 being the key component. We kind of slowed
6 down the number of performances we did in
7 this room. Where we had 22 performances,
8 this year we only had 13. And that was
9 done to take the money from just doing
10 shows and moving it into the direct market.
11 We felt that would be a better way to use
12 our money.

13 Based on the fact that when you have
14 a show, you can fit 1200 people in here.
15 If the people come, which is, yes, a very
16 strong image-building scenario, you're only
17 getting so much time play out of the
18 customer, and you're moving that customer
19 from arriving on a Tuesday to arriving on a
20 Friday or Saturday when we have the show.
21 We decided we wanted to move more traffic
22 during the month and add visits by our
23 direct mail program.

24 This year, as we go forward, we're
25 reintroducing television. Television is

1 one way that we're going to move on out and
2 reintroduce ourselves into the marketplace
3 to go after new customers. We knew that
4 the new fight was going to be the new guy
5 on the block which is going to get a lot of
6 attention, get people to go down there. We
7 knew that there would be a bit of
8 confusion, people would come on back and
9 say, Grand Vic is nice, we want to hold on
10 to those customers.

11 But this year we believe we want to
12 expand. With that also is the bus
13 customer, which is a component. And there
14 was a little bit of competition going on
15 between multiple properties. In other
16 words, you bring a customer, I'll give you
17 \$2 in subsidies. The next place, I'll give
18 \$3. We did not go into the competitive
19 nature. That also is now changing again.

20 So as you start seeing our admissions
21 go up, the win per admission will not go up
22 at the same rate. Because we're bringing
23 in a casual customer, a new customer, and
24 they are not going to play at the same rate
25 as the gambler.



1 As Larry talked to you about
2 yesterday, what portion of our business
3 comes from the Gold Club? what we're
4 really saying is to make our business grow
5 so that we can continue to build and add on
6 to the assets. We want to expand our
7 business, and that's the game plan.

8 And so, each year we put together a
9 business plan. Each year we look at what
10 we want to do for the following years. And
11 one of the beliefs that we have is the
12 reinvestment into the slot machines.
13 Fifteen to 20 percent of our machines will
14 be turned over every year. Having 1450
15 machines, we're talking about anywhere
16 between 250 and 300 machines used every
17 year turned over.

18 Along with that, as Richard had
19 spoken to you about, he said the A.C.S.C
20 system, that's a very important system for
21 us. Because that's going to allow us to go
22 into much more detail in terms of
23 identifying our quality customer, not only
24 identifying them, but actually
25 understanding what makes them move.



1 Today in direct marketing what we end
2 up doing is we say, okay, let's give them a
3 coupon and let's give \$5 to everyone. But
4 as we all like different things, different
5 things make different people move. Maybe
6 \$5 will make me move, maybe a lunch in the
7 buffet will make somebody else move. Maybe
8 an overnight stay makes somebody else move.
9 What A.C.S.C. allows us to do is understand
10 the tendencies of our customers, and be
11 able to market to them more efficiently,
12 which we believe we will be able to touch
13 our customers that much more.

14 So with that component, converting
15 over the slot machines, also redoing the
16 rooms, the soft goods, which will be a
17 five-month project which will start in
18 October, convert itself out by the end of
19 the first quarter of 2002, that's a 2.3
20 million dollar project. Along with the
21 clubhouse that, as Dan said, will start
22 October 1st, \$950,000. And we made that
23 decision yesterday because we didn't want
24 to have the impact of business during our
25 key months of July and August.

1 So with that, we're always looking at
2 how we can most efficiently sell this
3 product, and how big do we want to be.
4 Thus the first aspects of that is to put
5 the air walls in this room and allow us to
6 be competitive and go after association
7 business, midweek business primarily.
8 Thank you.

9 CHAIRMAN VOWELS: Thank you. I'm
10 looking at the Grand Victoria Casino in
11 Elgin, the situation where the fine of 7.2
12 million dollars. What is going on with
13 that, and how does it affect this
14 operation, if at all?

15 MR. SCHULZE: It doesn't have any
16 direct impact on this operation. And if I
17 could describe that circumstance to you.
18 The Grand Victoria in Elgin, Illinois, is
19 owned by a joint venture. Fifty percent of
20 the ownership of the joint venture is by
21 affiliates of Hyatt Gaming Management,
22 Inc., the other 50 percent is owned by the
23 Mandalay Resort Group of Las Vegas. The
24 Mandalay Resort Group is the managing or
25 operating partner of that joint venture.

1 Neither Hyatt Gaming Management, Inc., nor
2 Hyatt Gaming Services has any
3 responsibility for the operations of the
4 Grand Victoria in Elgin.

5 The allegation by the Illinois Gaming
6 Board and proposed fine are very serious
7 allegations and charges. The ownership of
8 that casino has taken a number of steps to
9 respond. The ownership has retained
10 counsel with a substantial law enforcement
11 background to undertake a full-scale
12 investigation of all the facts and
13 circumstances surrounding that complaint

14 In addition, the ownership has asked
15 the Mandalay Resort Group to undertake a
16 thorough review of all of the purchasing
17 procedures and review of operations on
18 site. That review was initiated several
19 months ago. There have been a number of
20 additional steps taken. Some of the key
21 management individuals who were identified
22 for potential sanctions have been suspended
23 with pay, pending the outcome of the
24 investigation. And I should add, the
25 investigation of a professional

1 investigator has been given the charge and
2 responsibility without limit or
3 qualification, to uncover all the facts and
4 circumstances surrounding the allegation.

5 In the meantime, they're additional
6 management people who have been deployed to
7 the property from the Mandalay Resort
8 Group. There will be a change in the
9 improvement in the, some of the purchasing
10 procedures to correct any deficiencies that
11 existed. At the present time, the
12 ownership is working cooperatively with the
13 Illinois Gaming Board and the staff to
14 resolve the matter.

15 The investigation, as I said, is
16 underway, has not been completed. I have
17 communicated with Executive Director Jack
18 Thar, shared with him the filings that
19 occurred in this State and have promised
20 him a full report when that investigation
21 is completed. I would stress, however,
22 that notwithstanding the fact that the
23 affiliate has an ownership interest, there
24 is no responsibility for operation or
25 management behind Hyatt Management, Inc.,

1 nor Hyatt Gaming Service in Elgin.

2 CHAIRMAN VOWELS: Is Mandalay going
3 to pay all 7.2 million or are you on tap
4 for half of that?

5 MR. SCHULZE: We have not had that
6 discussion with them. Certainly before any
7 fine is resolved, we're going to want the
8 opportunity to meet with the Indiana Gaming
9 staff and representatives of the Board to
10 describe to them our understanding of the
11 circumstances and underlying facts, to
12 outline to them the steps that are being
13 taken by the ownership through the
14 management company, to correct any
15 deficiencies. And only at that point would
16 a fine be expected.

17 We hope to be able to resolve it by
18 cooperation and negotiations with the
19 Illinois Gaming Board. But there has been
20 no discussion between us and Mandalay about
21 allocations or whose going to bear the
22 fine. I would expect that, given the 50/50
23 joint venture nature of the venture, that
24 unless there are some unusual circumstances
25 which arise, I expect it will probably be



1 treated as an expense of the joint venture.

2 CHAIRMAN VOWELS: So you would have
3 to be responsible for half of it?

4 MR. SCHULZE: That has not been
5 determined. But I expect it --

6 CHAIRMAN VOWELS: The question I
7 would have on that is, Mandalay was the
8 operating partner here, did all the stupid
9 things. And from what I hear from you is
10 you guys, Hyatt, didn't know what was going
11 on, but yet you're not going to stick all
12 of the 7.2 million on Mandalay?

13 MR. SCHULZE: I think there is
14 another way to view that. That is, if you
15 appreciate there is a distinction between
16 on-site management and ownership,
17 obviously, Mandalay Resort Group is part of
18 the ownership group. The General Manager
19 and other on-site management who may not --
20 it is likely did not follow the procedures
21 that were placed to do background checks
22 and verify the adequacy of vendors. So
23 whether or not, you know, it isn't simply a
24 matter of the sort of the one owner being
25 -- paying the burden, but rather being an



1 ownership burden that arose from either
2 acts or omissions by the on-site management
3 of the joint venture.

4 MR. THAR: Do you personally, the
5 Ohio Corporation and Hyatt Management
6 Gaming Services, Hyatt Gaming Management,
7 sit on any executive committees or other
8 overseeing body of the Grand Victoria in
9 Elgin?

10 MR. SCHULZE: Yes. There are two
11 representatives from Hyatt who are members
12 of the executive committee of joint
13 venture. Those two individuals are Hank
14 Handlesman and me.

15 MR. THAR: And you do in fact have
16 some control over this property also?

17 MR. SCHULZE: I do, yes.

18 MR. THAR: So there is a tie in some
19 key personal?

20 MR. SCHULZE: Yes, there is.

21 MR. THAR: The allegations of the
22 Illinois Gaming Board are precisely what?
23 what are the precise allegations in regard
24 to the Illinois Gaming Board as it concerns
25 dealing with a particular Company? Is it a

1 company that is mob-tied? Or is it a
2 company run by an individual who may be an
3 associate of organized crime?

4 MR. SCHULZE: That's part of what is
5 being sorted out. The individual company,
6 the company -- the name of the company was
7 Pure Air works. That is a company that was
8 contracted to install an air filtration
9 system. It is a contract amount of
10 \$292,000.

11 That company is owned by an
12 individual named Joey Vascone. Joey
13 Vascone is the son of Carmen Vascone.
14 Carmen Vascone was, has a felony conviction
15 dating back to 1981, and by some law
16 enforcement authorities has been identified
17 as an associate or affiliate of organized
18 crime.

19 MR. THAR: That's the part I don't
20 understand. Is Carmen who is supposed to
21 be an associate, or Joseph?

22 MR. SCHULZE: Well, as I said, that's
23 an answer that we're attempting to clarify
24 as well. Joey vascone does not have a
25 criminal record. As I understand, he has a

1 single arrest for domestic battery sometime
2 ago, but no other arrest, no criminal
3 conviction.

4 We're using the resources of our
5 investigator to confirm what is, per the
6 understanding sanctioned by law enforcement
7 agency, about Joey Vascone himself.
8 Certainly the allegation by the Illinois
9 Gaming Board is that he is an associate or
10 affiliate of organized crime. That was the
11 nature of the allegation.

12 MS. BOCHNOWSKI: Am I correct in
13 recalling in a reading material that you
14 were given an offer by the Gaming
15 Commission to pay a \$90,000 -- was there
16 another fine that -- or agreement,
17 settlement agreement that you could have
18 paid and you refused to pay that? Or that
19 was turned down because you didn't feel you
20 that you owed it? Or I'm trying to
21 remember --

22 MR. SCHULZE: There was a proposal
23 made to the our counsel that was an offer
24 to settle, at least some of the counts or
25 the count regarding failure to due

1 diligence on background checks on a vendor.
2 That was an offer that was extended in
3 September. It was not an offer that was
4 accepted. And, you know, there has been
5 some confusion because the actual complaint
6 that was issued had additional counts,
7 there has been some confusion about what
8 the offer was in early September.

9 But, yes, there was an offer that
10 would have dealt with the alleged failure
11 to check the background of a vendor.

12 MS. BOCHNOWSKI: Was that offer not
13 accepted because you didn't feel it was
14 warranted? Or was that not accepted
15 because you just weren't sure where you
16 stood? Or what was the reason for that?

17 MR. SCHULZE: It was an offer
18 initially made in the last days of the
19 Administrators term of office. He was
20 leaving shortly. It came just before the
21 September 11th event. The Illinois Gaming
22 Board was schedule to have a meeting, did
23 not have a meeting. So whether or not the
24 offer was effectively there or not, is
25 probably some question about that.

1 But I will tell you that based on
2 sort of my understanding of what the nature
3 of the complaint was, and based on some of
4 the prior decisions by the Illinois Gaming
5 Board, you know, we were advised and
6 concluded that it was not a fine amount.
7 That it was consistent with that precedent.
8 Obviously, that's a judgment call and there
9 is no question that in hindsight it was
10 certainly a poor decision.

11 MR. MILCAREK: If you had a chance to
12 do it over, would you accept the first
13 offer?

14 MR. SCHULZE: Indeed.

15 CHAIRMAN VOWELS: The complaint that
16 was filed, I believe filed November 1st,
17 was a 21-count complaint.

18 MR. SCHULZE: Correct.

19 CHAIRMAN VOWELS: When you saw that
20 complaint, was there anything in there that
21 was new that you did not anticipate prior
22 to the filing of the complaint?

23 MR. SCHULZE: Well, there is certain
24 details in there that was new to me.

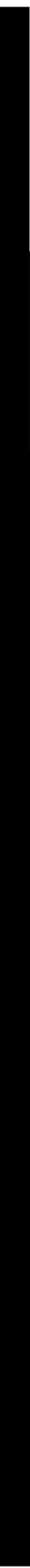
25 MR. THAR: I'm sorry to interrupt.



1 Illinois does it differently than we do.
2 They announce that there is a problem and
3 what the fine would be. And then some
4 weeks later issue the written complaint.
5 So when you ask him when he saw the
6 complaint was there anything new, that pre
7 -- that forgets the fact that in Illinois
8 they already told them what the problems
9 were.

10 So probably it is best to go back to
11 the meeting and ask when they announced you
12 had a problem and they were going to fine
13 you 7.2 million dollars or proposed to, was
14 there anything new there that you were not
15 aware of?

16 MR. SCHULZE: Yes, there were. The
17 allegations that were published in October
18 after the Illinois Gaming Board meeting,
19 then, which they decided to issue a
20 complaint, this is prior to the complaint
21 being issued, there were a number of
22 factual allegations that were unknown to
23 members of the executive committee. And
24 that is, as I said earlier, the question
25 is: At what point were there issues

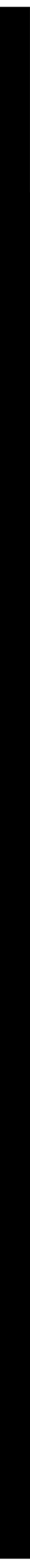


1 or dealings with on-site management that
2 members of the executive committee may not
3 have been aware of? Or information the
4 Gaming Board had the executive committee
5 did not have?

6 CHAIRMAN VOWELS: Is there some
7 legitimate hope on the part of the Grand
8 Vic that you will be able to modify the 7.2
9 million, come down some, or is that set in
10 stone?

11 MR. SCHULZE: That certainly is our
12 objective. And, you know, we understand
13 that in our efforts with the Illinois
14 Gaming Board and its staff, we're going to
15 do everything we can to convince them of
16 our, of the impact of the changes we're
17 making in terms of personnel, the changes
18 we're making in terms of our proceeds, to
19 insure that it does not happen again.

20 CHAIRMAN VOWELS: Are there plans to
21 implement oversights, more so of your 50
22 percent partner, in what has happened here
23 is essentially the nightmare, that's why we
24 require suppliers licenses and background
25 information because the unsafe elements of



1 our seedy -- selling napkins for \$250 a
2 piece, and weening their way in on this.
3 what has happened is your name is on that
4 casino, Mandalay, and now there is an
5 allegation of organized crime involved,
6 however straightforward or whatever. But
7 are you thinking in terms of having a more
8 active role with them?

9 MR. SCHULZE: There are a number of
10 changes that we're going to make, some of
11 them have already been made. And
12 certainly, you know, we will be insisting
13 that there, that some of the background
14 checks and our approach to due diligence of
15 vendors, that which is here in Indiana,
16 that we will insist that they be applied to
17 the Elgin operation as well.

18 So that there is certainly a -- will
19 be a number of changes made. As I said,
20 some personnel, some procedures, and in
21 some supplementing, somebody overseeing the
22 compliance function as well as to make sure
23 that -- as I said, that the chances of this
24 happening again have been reduced.

25 CHAIRMAN VOWELS: I hope you can gain



1 control over that. My understanding from
2 Mr. Thar is that the operation here in
3 Rising Sun is top rate. I mean, just, for
4 example, the count totals daily
5 day-in-and-day-out are very admirable as
6 far as their accuracy and probably heads
7 above shoulders of any other casino we deal
8 with.

9 It would appear, based on what we
10 have here, you would have a lot to add to
11 set up in Elgin. I hope you can maintain
12 more control. It seems your reputation is
13 the one most at risk there.

14 MR. SCHULZE: That's certainly true,
15 Mr. Chairman. And as I said in my opening
16 remarks, the issue of reputation is
17 important to us, it is critical to our
18 gaming business. But really it goes beyond
19 that. It goes to all of our businesses.
20 And it will be certainly our intent -- and
21 we will make the changes necessary to
22 establish in -- reestablish in Illinois a
23 reputation for compliance, effectiveness of
24 this sort. We hope we have here.

25 CHAIRMAN VOWELS: All right.

1 MS. BOCHNOWSKI: It is just
2 interesting, and obviously some unrelated
3 business involved with the same family.
4 I'm glad you have a hands-on here, because
5 the banks that -- I mean it is your name.
6 That's the one that comes out, the
7 Fitzgeralds name. That's the name that
8 comes out. And when they say, you know, we
9 sit on Boards and we don't have -- and
10 we're mainly investigators, it kind of
11 doesn't always ring true. It may be
12 partially true. There seems to be a couple
13 issues here.

14 MR. SCHULZE: I'm assuming you're
15 referring to Superior?

16 MS. BOCHNOWSKI: Yes.

17 MR. SCHULZE: That's obviously a
18 totally didn't circumstance.

19 MS. BOCHNOWSKI: I know you're not
20 involved.

21 MR. SCHULZE: Nevertheless, the
22 questions that are raised are one that are
23 also a grave concern to us.

24 CHAIRMAN VOWELS: Okay. Anything on
25 it? Thoughts on those issues?

1 MR. THAR: Very quickly.

2 CHAIRMAN VOWELS: I am sorry.

3 MR. THAR: The Hyatt Organization
4 realizes that as much as presently you're
5 unblemished in this jurisdiction, should it
6 be found in Illinois that you have engaged
7 in business with members of the organized
8 crime, this Commission will have to take a
9 very serious look at that.

10 MR. SCHULZE: Fully. And let me
11 assure you -- and this is certainly to this
12 point an investigation to the extent has
13 been completed, as clearly established, the
14 fact that no members of ownership that had
15 any contact, or parties to any contracting,
16 that had any prior knowledge of
17 questionable reputations or relationships
18 prior to that contract being entered into.

19 But certainly we understand that
20 that, you know, it is -- your concern is
21 the same as ours. And certainly we need to
22 satisfy that. We have the requirements of
23 property integrity that are necessary to do
24 business in Indiana appropriate.

25 MR. THAR: Certainly. Would it be



1 appropriate for us to ask you: How do you
2 plead to those charges? It may be
3 appropriate to ask you if the contractor or
4 air filtration system was contracted. Was
5 the air filtration system delivered,
6 installed? Did it work? Did you get goods
7 and fair market value?

8 MR. SCHULZE: It is my understanding
9 -- and the initial investigation appears to
10 confirm that the price was a good price.
11 That the work was completed in accordance
12 with the contract. And that, you know,
13 that the riverboat did get the bargain for
14 value through that contract relationship.
15 The investigation is not complete to this
16 point. It seems to indicate that is the
17 case.

18 MS. BOCHNOWSKI: Jack, would it be
19 helpful for us to receive a copy of the
20 investigation when it is complete?

21 MR. THAR: They have indicated they
22 will forward it to us, and we will then
23 forward it to you.

24 MS. BOCHNOWSKI: Okay.

25 MR. THAR: Superior Bank has been



1 gone over suffice to say, what members, if
2 any, of the Pritzger family were sitting on
3 the Board at the time Superior Bank failed?

4 MR. SCHULZE: My understanding is --
5 and I asked this question. The best of my
6 knowledge -- I was not directly involved.
7 My understanding is that no members of the
8 Pritzger family were on the Board at the
9 time of the failure.

10 MR. THAR: What was the ownership
11 interest, to your knowledge?

12 MR. SCHULZE: Fifty percent ownership
13 interest.

14 MR. THAR: Is it a situation where it
15 is ongoing?

16 MR. SCHULZE: Yes, there are ongoing
17 discussions in exchange for the information
18 with the Federal authorities, Federal
19 banks.

20 MR. THAR: Will you keep us advised
21 equally on that?

22 MR. SCHULZE: Yes, we will.

23 MR. THAR: I only want to ask two
24 more questions. There has been a of talk
25 about the Regional Foundation. My



1 understanding is you've already committed
2 to fund that Regional Foundation as is
3 presently being funded, until such time as
4 there might be a change in the way
5 riverboats are operated?

6 MR. SCHULZE: In terms of the basis
7 our funding level is fashioned -- in terms
8 of the basis -- unless there is some terms
9 changed, yes, sir.

10 MR. THAR: And do I have from you a
11 representation there will be good faith
12 negotiations attempted to arrive at a
13 formula that is complacent, based on
14 admissions?

15 MR. SCHULZE: Yes, you do.

16 MR. THAR: Mr. Azark, will you be
17 participating in those negotiations?

18 MR. AZARK: You have my commitment to
19 negotiate with them.

20 CHAIRMAN VOWELS: Mr. Buck, will you
21 be involved in those negotiations?

22 MR. BUCK: I will be.

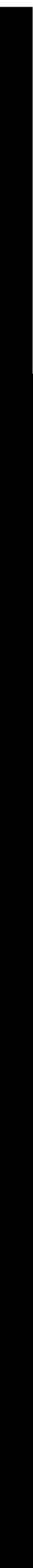
23 MR. THAR: Will we have your
24 commitment, good faith commitment, good
25 faith negotiations, in order to arrive at a

1 formula that achieve the same economic
2 benefit of that Foundation is such that if
3 the formula arrived at was executed, the
4 Foundation would receive the same amount of
5 money as of today that it received prior?

6 UNIDENTIFIED SPEAKER: The same
7 essential economic benefit equivalency,
8 looking to the future, I'm entitled to ask
9 for equivalent commitment from Hyatt on
10 behalf of Ohio County and Rising Sun.

11 MR. THAR: I think we have just
12 gotten that from that. I just want to know
13 the commitment went both ways. We're
14 asking people to sit down and negotiate in
15 good faith with any prior problems put
16 behind them. The good the Foundation does
17 in Rising Sun and Ohio County has done
18 compared to revenue sharing, that's not
19 disputed by Hyatt who wants to keep
20 funding. While I'm asking all, the
21 Commission is asking you sit down with an
22 air of pleasantry and negotiate a sound --

23 MR. SCHULZE: Jack, I wanted to make
24 sure, perhaps I responded to quickly and
25 didn't answer or answered asked before I



1 heard your entire statement.

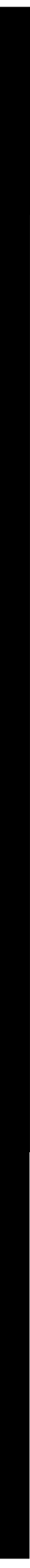
2 As Dan suggested, we are committed to
3 continuing the funding foundation on the
4 current basis, unless there is some
5 material changes in circumstance. And
6 beyond that, I think this is, you know,
7 fair to acknowledge that. One, an issue
8 that we will need to resolve in good faith
9 as we go forward is how does one establish
10 comparability? And I think there is --
11 there have been differences of opinion on
12 that. But we certainly pledge to you, you
13 know, our willingness to negotiate that in
14 good faith and resolve it in a manner that
15 is fair and reasonable.

16 MR. THAR: One other question is
17 going to be for Mr. Lewin. The response
18 you gave: Larry Lewin, Active Member of
19 the Gaming Entertainment Research and
20 Education Foundation which operates the
21 National Center for Responsible Gaming.

22 MR. LEWIN: National.

23 MR. THAR: Is that American Games
24 Associates?

25 MR. LEWIN: Yes.



1 MR. THAR: Does the Grand Victoria
2 here in Rising Sun keep statistics with
3 regard to what they have done with regard
4 to people that they believe are not gaming
5 responsible?

6 MR. LEWIN: Yes.

7 MR. THAR: In what way do you keep
8 the statistics?

9 MR. LEWIN: We keep statistics in
10 terms of actual people that will come on
11 the boat and actual people that we have
12 barred or self-barrred themselves. So I
13 have a constant process in terms of
14 monitoring customers that come on the boat,
15 either that we feel are abusing themselves
16 or the system or vice-versa.

17 MR. THAR: Have you barred any people
18 that have not been asked to self bar?

19 MR. LEWIN: I can't answer that
20 question myself. Mark, have you ever
21 barred anyone?

22 MR. HEMMERLE: Very successful --

23 MR. THAR: Introduce yourself.

24 MR. HEMMERLE: Mark Hemmerle, General
25 Counsel, Grand Victoria. Grand Victoria



1 has been very successful in talking with
2 patrons by themselves, identified or
3 identified by family members, and then we
4 talk with those patrons. We get them -- we
5 give them all the information regarding our
6 process for self-barring, and we have been
7 successful in every case of having somebody
8 self-barred.

9 MR. THAR: At that point my question
10 goes to: How many people has Grand
11 Victoria on its own identified, said to
12 that person without the person saying I
13 have a problem or without that person
14 somehow saying he has a problem, that we
15 believe you got a problem, and let's sit
16 down and talk about it?

17 MR. HEMMERLE: I can think of one
18 this year that we brought it to their
19 attention, and they then addressed to self
20 bar. And I can think of another that we
21 brought it to their attention and at this
22 juncture -- I shouldn't say we -- indicated
23 that they may have some problems, and we
24 have reduced their credit limit and asked
25 them not to come to the establishment for

1 certain periods of time. But we have not
2 barred them at this point.

3 MR. THAR: You have two?

4 Mr. HEMMERLE: Yes.

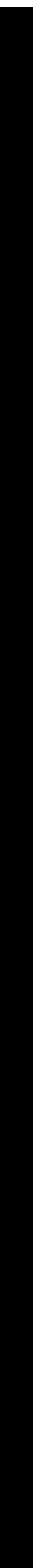
5 MR. THAR: Even though that number is
6 smaller, it doesn't mean much because
7 that's two more than any other casino
8 identified. So it is a start.

9 Will you continue as part of this
10 license renewal, should happen, should it
11 continue, those statistics, keeping those
12 statistics?

13 MR. LEWIN: We will keep them if we
14 have them. We don't have to keep them for
15 public domain at this time, but we will
16 change that so it is much easier to report.
17 We can give it to the Commission.

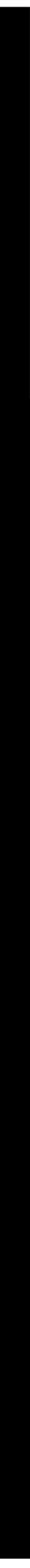
18 MS. BOCHNOWSKI: Will this new
19 computer system aid in that?

20 MR. LEWIN: No, but that is not a
21 concern. We're very, very concerned about
22 taking care of the customer. But we also
23 don't want to make it an embarrassing
24 situation for people either. So there is a
25 fine line in terms of telling people what



1 you think, compared to what they think. We
2 do things such as, we have one customer
3 that is a very large customer, that we have
4 never had a problem with in terms of being
5 able to payoff the debt and coming in and
6 playing. But we understand very clearly
7 this individual has a problem. We have
8 talked to the individual directly. He has
9 said he doesn't have a problem. We accept
10 that. But we have reduced his credit line
11 by approximately two-thirds from what
12 it was originally, which has allowed him to
13 go to the other casinos, which he has also
14 done, which we have said we can't stop
15 that.

16 But we also know that we have
17 responsibility, and that's the philosophy
18 of our company. And the philosophy that is
19 given to me through Richard Schulze,
20 through the Pritzger family and something
21 we maintain in our casino. But it is
22 difficult to go up to a customer and say,
23 you can't play anymore. So it is a very
24 soft spoken -- so there are conversations
25 that are had that are never really written



1 down. Smaller customers or bigger
2 customers -- someone who can only play
3 100-200, but that is 100-200 they don't
4 have, really affects those families very
5 much also. So we're very sensitive to
6 that, but it is a difficult process.

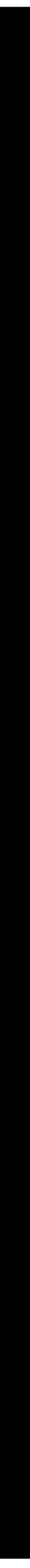
7 CHAIRMAN VOWELS: Thank you.

8 Anything else. Is there a
9 resolution?

10 Does anyone have any other questions?

11 All right. In front of me is an
12 order of the Indiana Gaming Commission
13 regarding renewal of the riverboat owner's
14 license of Grand Victoria Casino Resort,
15 L.P. There are conditions listed. So if
16 -- hopefully you can hear me. That the
17 conditions of the license -- and we will
18 vote whether this license will be renewed
19 or not in a moment. But assuming that
20 would occur, these are conditions that it
21 would be based on, and we need to know
22 whether these are acceptable to Grand
23 Victoria.

24 Grand Victoria is to provide the
25 Commission staff with a remote dial-in to



1 Grand Victoria's slot and account
2 management system.

3 Is there any problem with that?

4 MR. SCHULZE: No problem.

5 MR. AZARK: No problem.

6 CHAIRMAN VOWELS: Second condition.
7 Grand Victoria is to post a bond in the
8 amount of \$1,000,000 to secure its economic
9 obligations. Agree?

10 MR. AZARK: Reduced from two million
11 to one million?

12 CHAIRMAN VOWELS: Yes, sir. And
13 Grand Victoria is to continue to maintain
14 adequate insurance pursuant to 68
15 IAC-2-1-8.

16 Is that agreeable?

17 MR. AZARK: Yes.

18 CHAIRMAN VOWELS: Fourth condition.
19 Grand Victoria is to continue to maintain
20 its commitment to goals of Minority and
21 Women's Business participation as set forth
22 in the statute Indiana Code 4-33-14, et.
23 seq.

24 Is that agreeable?

25 MR. SCHULZE: Yes.

1 CHAIRMAN VOWELS: Condition five.

2 Grand Victoria is to comply with all
3 rules and regulations adopted by and under
4 which the Commission operates pending final
5 promulgation of the rules.

6 Is that acceptable?

7 MR. SCHULZE: Yes.

8 CHAIRMAN VOWELS: And the sixth and
9 last condition is: Grand Victoria keep the
10 riverboat pavilion in compliance with all
11 other state and local rules for the lawful
12 operation of Riverboat Gaming, including
13 but not limited to: Army Corp of
14 Engineering permitting, United States Coast
15 Guard certification, and such other
16 federal, state and local licensing,
17 permitting or certification requirements
18 necessary for alcoholic beverages, food
19 service, construction, and the overall
20 public health.

21 Is that agreeable?

22 MR. SCHULZE: Yes, sir.

23 CHAIRMAN VOWELS: Now in front of me
24 here is this order dealing with the renewal
25 of the riverboat owner's license of Grand

1 Victoria Casino Resort, L.P. This would be
2 for a one-year period. And, Mr. Thar, is
3 there any legal reason why Grand Victoria
4 Casino and Resort, L.P. could not hold the
5 renewal license?

6 MR. THAR: Not that we're aware of.

7 CHAIRMAN VOWELS: Is there a motion
8 in reference to the renewal of the
9 riverboat operator's license?

10 MS. BOCHNOWSKI: I would move that we
11 renew the riverboat owner's license for the
12 Grand Victoria.

13 CHAIRMAN VOWELS: Is there a second?

14 MR. MILCAREK: Second.

15 CHAIRMAN VOWELS: Any further
16 discussion?

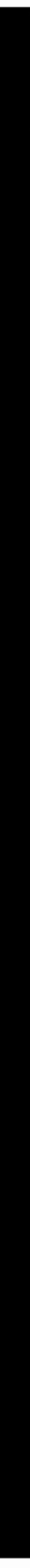
17 All those in favor say aye.

18 (Everyone said aye.)

19 MR. VOWELS: It is renewed.
20 Congratulations.

21 MR. SCHULZE: Thank you very much for
22 your support.

23 MR. THAR: One other thing. The
24 operations, as they exist, Mr. Hemmerle,
25 has come on, Mr. Lewin, Mr. Buck and



1 General Manager, your performance from our
2 audit staff's point of view is one of the
3 best riverboats in the fleet.

4 Your hotel, your facilities are
5 considered excellent, high quality. We
6 hope that continues over the next years.
7 Congratulations. Thank you.

8 CHAIRMAN VOWELS: It is now 6:20. We
9 will adjourn the meeting until tomorrow
10 morning. And we begin that meeting at what
11 time?

12 MR. THAR: Nine a.m. No, that's at
13 10:30.

14 (Meeting Adjourned until December 7,
15 2001 at 10:30.)
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